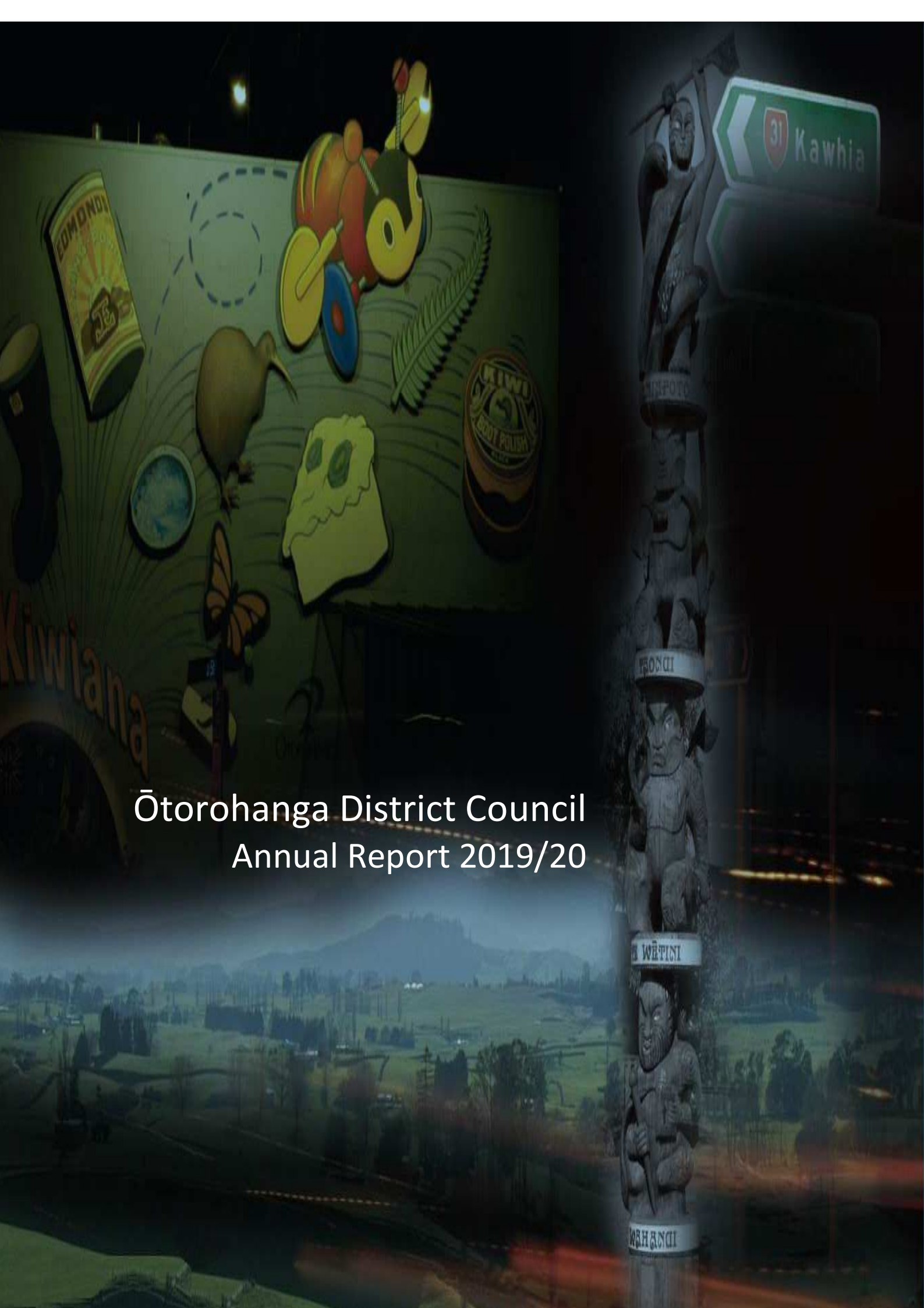


Ōtorohanga District Council  
Annual Report 2019/20







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# **INTRODUCTION**



## COMMENTS FROM THE MAYOR AND CHIEF EXECUTIVE

Tēnā koutou katoa

It is with pleasure that we present our Annual Report for the 2019/20 year.

It's been an interesting and challenging year, with a global pandemic and the country put into full lockdown for seven weeks from Monday 23 March 2020. Council moved quickly to ensure that essential services continued to be delivered to the community, staff were able to work from home, a Civil Defence response was supported, and communication channels were kept open. The community rallied over this time under extremely trying circumstances to ensure our most vulnerable people were looked after. We would like to extend our sincere thanks to everyone who contributed to helping our community emerge from this event even more resilient than we were before.

Despite the pandemic, development in the district has continued with the extension of Waikeria Prison well underway, Happy Valley Nutrition obtaining all its required consents, a bovine processing plant being built, and the hotel in Kāwhia nearly complete. Residential building activity also increased across the district, and we were pleased to be reaccredited as a Building Consent Authority.

Council's financial position remains strong, with a healthy balance sheet, including a low amount of external debt. While the pandemic has delayed the delivery of some capital projects, the financial impact to Council has been minimal. Council was still able to undertake a number of large capital projects, including replacing the sand filters at the Ōtorohanga Water Treatment plant and the completion of the Ōtorohanga Stopbank Footpath which commenced in the previous year. We also achieved 69.5% of our non-financial performance measures, which is a pleasing result.

Council supported a number of community projects in a variety of ways this year with a \$2m loan to support the Kiwi House redevelopment. Council has also supported the Beattie Home Dementia Unit, and a bike track at the Kiwiana playground. We also managed to attract \$250k in external funding for shovel ready projects.

Council showed bold leadership and immediately after lockdown went out with an ambitious early engagement process for our 2021 Long Term Plan. Seventeen drop in sessions were held around the district using the Buzzy Bee as our distinctive Kiwiana branding. The sessions attracted up to 40 people at each and the feedback from these will form the basis of our consultation document that will be presented to the community in early 2021.

We have increased our focus on iwi engagement this year with regular meetings with iwi leaders, and we are looking forward to developing these relationships further.

We are excited about the future of the Ōtorohanga district as we bring together the Long Term Plan early engagement feedback with the outcomes of an independent assessment undertaken as part of the CouncilMARK programme. The combination of community feedback, increased growth, low Council debt levels, and low interest rates means that we are now turning our minds to the future, and the opportunities for increased investment in our district. We are in an enviable position.

We have a committed, loyal team of staff and elected members who are passionate about our district, and we continue to focus on developing our internal capability so that we can continue to provide the best service possible to our community.

Ngā mihi nui, Max and Tanya

*Max Baxter*  
**MAYOR**

15<sup>th</sup> December 2020

*Tanya Winter*  
**CHIEF EXECUTIVE**

15<sup>th</sup> December 2020



## ELECTED MEMBERS

Mayor:  
Max Baxter

Phone (Bus): (07) 873 4000  
Mobile: (027) 229 1430  
Fax: (07) 873 4300  
Postal: PO Box 11, Ōtorohanga  
Website: [www.otodc.govt.nz](http://www.otodc.govt.nz)

Deputy Mayor:  
Roy Johnson – Waipa Ward (027) 271 9282

Councillors:  
Rodney Dow – Ōtorohanga Ward (027) 471 3406  
Annette Williams – Kāwhia/Tihiroa Ward (027) 224 1502  
Robyn Klos – Wharepūhanga Ward (021) 408 254  
Katrina Christison – Ōtorohanga Ward (021) 153 0774  
Bryan Ferguson – Kiokio/Korakonui Ward (027) 551 1621  
Christopher (Kit) Jeffries – Kāwhia/Tihiroa Ward (021) 226 4904

### Ōtorohanga Community Board:

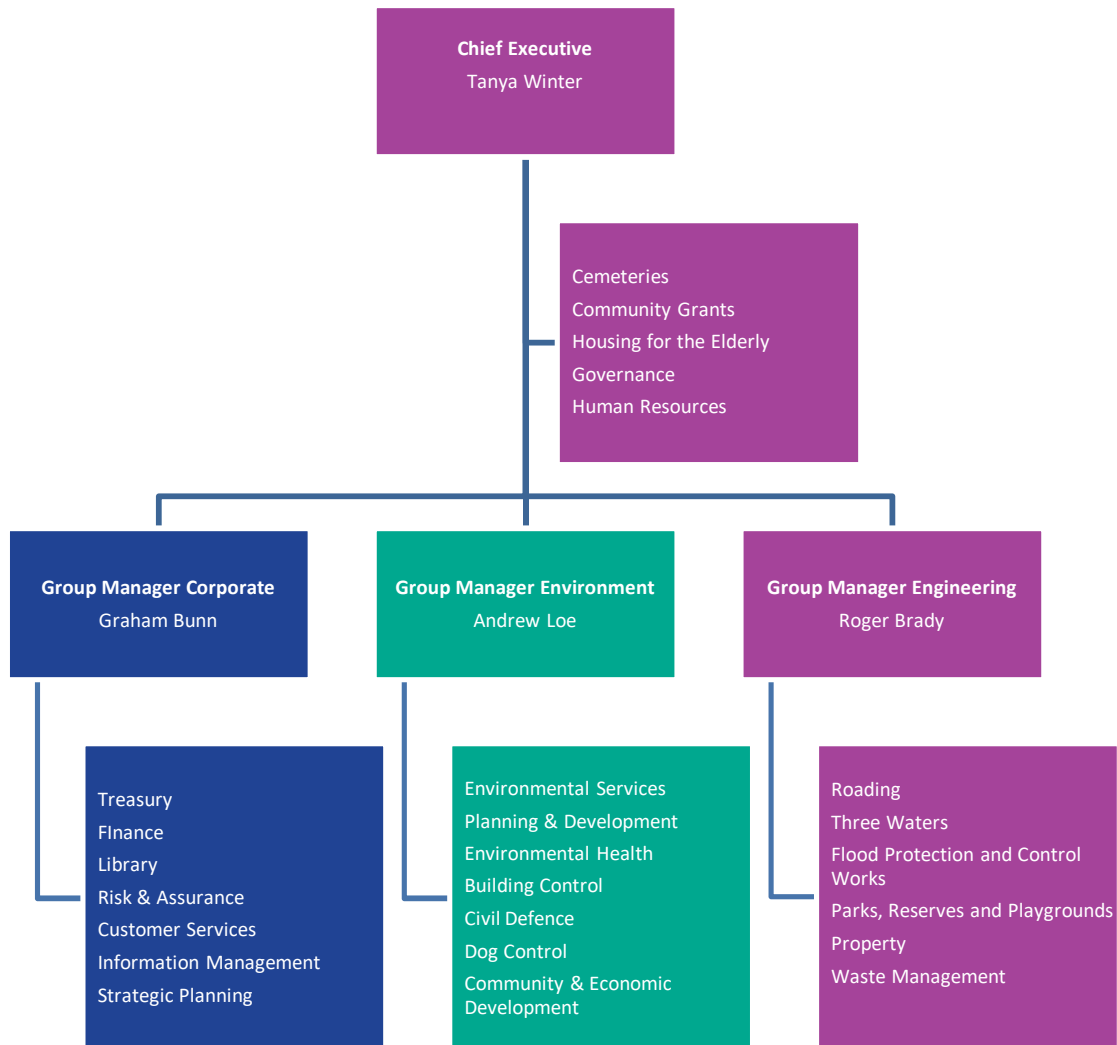
Neville Gadd – Chair (021) 192 4933  
Katrina Christison – Deputy – Council Representative (021) 153 0774  
Alan Buckman (07) 873 6535  
Kat Brown-Merrin (021) 139 3676  
Peter Coventry (027) 493 0117  
Rodney Dow – Council Representative (027) 471 3406

### Kāwhia Community Board:

Dave Walsh – Chair (021) 296 0392  
Ken Briggs - Deputy (027) 085 33285  
Annette Williams – Council Representative (027) 224 1502  
Hinga Whiu (021) 181 1009  
George Fletcher (027) 242 4571



## LEADERSHIP TEAM



**Postal Address:**  
**Council Chambers:**

PO Box 11, Ōtorohanga 3900  
Maniapoto Street, Ōtorohanga

**Telephone Number:**

07 - 873 4000

**0800 Number:**

0800 734 000

**Fax Number:**

07 - 873 4300

**Email:**

Info@otodc.govt.nz

**Bankers:**

Bank of New Zealand

**Auditors:**

Deloitte Limited, on behalf of the Office of the Auditor General

**Solicitors:**

Gallie Miles, Te Awamutu  
Tompkins Wake, Hamilton



## **DISTRICT BACKGROUND**

Ōtorohanga District is located some 50 kilometres south of Hamilton. The area administered by the Council covers 1976 sq.km. and extends from the Kāwhia and Aotea Harbours on the west coast for a distance of 90 km to the eastern extremity near Mangakino. Included within the District are the urban communities of Ōtorohanga and Kāwhia.

Geographically, the District comprises three distinct areas of approximately equal size. The eastern and western areas have predominantly more hills than the central area which is the southern limit of the Waikato Basin. Farming is the dominant industry with sheep and cattle farming in the hill country and intensive dairy farming in the central area. Horticulture and cropping are lesser but developing activities.

The original Ōtorohanga County was formed on 1 April 1922 and arose out of the amalgamation of the former Wharepapa and Mangaorongo Roads Board and part of the Waitomo County. The northern half of the former Kāwhia County was amalgamated into the District on 1 April 1956. On 1 November 1971, the County of Ōtorohanga and the Borough of Ōtorohanga were united to form a new County of Ōtorohanga. At the time of the union there was no provision for a "District" Council status which only became available in 1978 following an amendment to the Local Government Act. The change in designation from a County Council to a District Council took place on 1 April 1979 and was made primarily to give recognition to the fact that Council is a rural-urban council with the urban area an integral part of the organisation.

A roading network, totalling 901.5 km in length, provides access. State Highways 3, 31 and 39 account for 94.5km of this and are maintained by Transfield under contract to New Zealand Transport Agency at no cost to Council. The balance of 807km comprises 514km of sealed pavements of varying widths and 293km of metalled roads. Of these, 28km of sealed roads are within the urban Communities of Ōtorohanga and Kāwhia as is 0.5km of the unsealed roads. Within the Council maintained roading network are 154 bridges totalling 1995m in length and including 28 stock access structures.

The Council Office is located in Ōtorohanga which is situated on the Main Trunk Railway and at the junction of State Highway No.3, No. 31 and No. 39. The Town has good shopping facilities, four modern primary schools and a College, good medical facilities and caters for a wide range of sporting and cultural activities.

Ōtorohanga is centrally placed, being within easy driving distance of Auckland, Hamilton, Tauranga, Rotorua, Taupo and New Plymouth. The town has a population of 2,661 and is an important focus for tourist activities in the North King Country area. Being 16 kilometres north-west of Waitomo, Ōtorohanga is the closest town to the world famous glow worm caves.

Kāwhia, a small holiday resort on the west coast, is also within the District. It is located on the shores of the Kāwhia Harbour some 57 kilometres west of Ōtorohanga via State Highway 31, and has a permanent population of 345 with this increasing to over 3000 at peak holiday periods. Kāwhia is the home of the Tainui people who settled there 600 to 700 years ago. The Kāwhia Harbour covers more than 6000 hectares, with five rivers feeding into it. It is a popular and productive fishing spot.





## STATISTICS

### Area and Population

Area (Square kilometres)	1,976
Population (2018 Census figures)	10,104

### Communities

	Area	Population
Otorohanga	507 ha	3,027
Kāwhia	161 ha	384
Rural	196,932 ha	6,693
	<u>197,600 ha</u>	<u>10,104</u>

### Valuation

Rateable Properties (No. of)	4,987
Non Rateable Properties (No. of)	306
Rateable Capital Value	\$4,902,321,000
Date of Last revision of Values	1 September 2019

### Rates and Rating 2019/20

Total Rates (Excluding GST)	\$13,194,739
System of Rating	Capital Value

### Public Debt Outstanding as at 30/06/20

Public Debt Outstanding	\$3,463,110
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### Date of Constitution of District

1 November 1989



# **FINANCIAL STATEMENTS**



**ŌTOROHANGA DISTRICT COUNCIL**  
**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Actual 30 June 2019 (000's)		Note	Budget 30 June 2020 (000's)	Actual 30 June 2020 (000's)
	<b>Revenue</b>			
11,887	Rates revenue	2	11,684	11,791
120	Contributions		60	132
721	Water by volume rates	2	1,426	1,404
5,375	Subsidies	2	4,810	4,514
3,702	Other income	2	1,691	1,529
(87)	Other gains/(losses) on asset disposal		347	(104)
21,718	Total revenue		20,018	19,266
	<b>Expenses</b>			
3,822	Employee benefit expenses	3	4,423	4,364
5,438	Depreciation and amortisation	11	5,278	5,998
7,690	Other expenses	4	8,118	9,190
263	Finance costs		195	190
17,213	Total expenses		18,014	19,742
4,505	Surplus/(deficit) for the year		2,004	(476)
	<b>Other Comprehensive Revenue and Expenses</b>			
20,394	Gain/(loss) on property revaluation		-	2,139
-	Gain/(loss) on available for sale financial assets		-	-
20,394	Total other comprehensive revenue and expenses		-	2,139
24,899	<b>Total Comprehensive Revenue and Expenses for the year</b>		2,004	1,663
	<b>Total comprehensive revenue and expense attributable to:</b>			
24,899	Ōtorohanga District Council		2,004	1,663
24,899			2,004	1,663

The accompanying notes on pages 15-51 form part of these financial statements.



# ŌTOROHANGA DISTRICT COUNCIL

## BALANCE SHEET

### AS AT 30 JUNE 2020

Actual 30 June 2019 (000's)		Note	Budget 30 June 2020 (000's)	Actual 30 June 2020 (000's)
	<b>Assets</b>			
	<b>Current assets</b>			
3,119	Cash and cash equivalents	5	3,349	7,157
3,910	Receivables from non-exchange transactions	6	4,344	2,002
157	Receivables from exchange transactions	6	-	177
400	Loan Receivable	6	-	-
33	Inventory		30	31
-	Assets held for sale	8	3,051	-
7,619	Total current assets		10,774	9,367
	<b>Non-current assets</b>			
631	Investments	7	631	631
321,512	Property, plant and equipment	9	301,691	321,387
90	Intangible assets	10	81	33
322,233	Total non-current assets		302,403	322,051
329,852	<b>Total assets</b>		313,177	331,418
	<b>Liabilities</b>			
	<b>Current Liabilities</b>			
2,064	Payables under exchange transactions	12	2,788	1,615
1	Provisions	13	1	1
269	Employee benefit liabilities	14	335	428
365	Development and financial contributions in advance	16	-	453
866	Income in Advance	15	750	995
-	Borrowings	17	-	3,015
3,565	Total current liabilities		3,874	6,507
	<b>Non-current liabilities</b>			
17	Provisions	13	17	16
27	Employee benefit liabilities	14	45	22
3,481	Borrowings	17	3,481	448
3,525	Total non-current liabilities		3,543	486
7,090	<b>Total liabilities</b>		7,417	6,993
322,762	Net Assets		305,760	324,425
	<b>Equity</b>			
159,216	Accumulated Comprehensive Revenue and Expenses	18	171,136	159,753
4,962	Council Controlled Reserves	18	(3,667)	3,832
3,180	Reserve Funds	18	3,244	3,297
155,404	Revaluation Reserves	18	135,047	157,543
322,762	<b>Total equity</b>		305,760	324,425

The accompanying notes on pages 15-51 form part of these financial statements.



**ŌTOROHANGA DISTRICT COUNCIL  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020**

Actual 30 June 2019 (000's)	Note	Budget 30 June 2020 (000's)	Actual 30 June 2020 (000's)
297,863	<b>Balance at 1 July</b>	303,757	322,762
24,899	Total comprehensive revenue and expense for the year	2,004	1,663
322,762	<b>Balance at 30 June</b>	305,761	324,425
	<i>Total comprehensive revenue and expense attributable to:</i>		
24,899	Ōtorohanga District Council	2,004	1,663
24,899	Total comprehensive revenue and expense	2,004	1,663

The accompanying notes on pages 15-51 form part of these financial statements.



**ŌTOROHANGA DISTRICT COUNCIL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Actual 30 June 2019 (000's)	Notes	Budget 30 June 2020 (000's)	Actual 30 June 2020 (000's)
	<b>Cash flows from operating activities</b>		
12,692	Receipts from rates revenue	13,110	12,855
7,605	Receipts from other revenue	6,450	8,414
128	Interest received	99	54
13	Dividends received	13	19
(11,806)	Payments to suppliers and employees	(12,541)	(13,770)
(263)	Interest paid	(195)	(190)
<b>8,369</b>	<b>Net cash provided by Operating Activities</b>	<b>6,936</b>	<b>7,382</b>
	<b>Cash flows from investing activities</b>		
135	Proceeds from Sale of Property, Plant and Equipment	-	43
-	Proceeds from Sale of development property held for sale	2,402	-
(7,193)	Purchase of property, plant and equipment	(10,142)	(3,810)
(352)	Purchase of investments	-	400
(65)	Purchase of intangible assets	(81)	41
<b>(7,475)</b>	<b>Net cash (used in) Investing Activities</b>	<b>(7,821)</b>	<b>(3,326)</b>
	<b>Cash flows from financing activities</b>		
-	Proceeds from borrowings	-	-
(3,033)	Repayment of borrowings	(20)	(18)
<b>(3,033)</b>	<b>Net cash provided by/(used in) Financing Activities</b>	<b>(20)</b>	<b>(18)</b>
<b>(2,139)</b>	<b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts</b>	<b>(905)</b>	<b>4,038</b>
5,258	Cash, cash equivalents and bank overdrafts at the beginning of the year	4,254	3,119
<b>3,119</b>	<b>Cash and cash equivalents at the end of the year.</b>	<b>3,349</b>	<b>7,157</b>

The accompanying notes on pages 15-51 form part of these financial statements.



**ŌTOROHANGA DISTRICT COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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## **Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued**

### **1. Summary of significant accounting policies.**

#### **Reporting Entity**

Ōtorohanga District Council (ODC) is a territorial local authority governed by the Local Government Act 2002.

The primary objective of ODC is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, ODC has designated itself as a public benefit entity for the purposes of complying with generally accepted accounting practice (NZGAAP).

The financial statements of ODC are for the year ended 30 June 2020. The financial statements were authorised for issue by Council on 15<sup>th</sup> December 2020. These financial statements comprise solely of the ODC financial results.

#### **Basis of Preparation**

These financial statements comply with the PBE standards for tier 2 entities. The measurement base applied is historical cost adjusted for revaluations of assets.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

#### **Statement of Compliance**

The financial statements of ODC have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98(i) and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with PBE standards Reduced Disclosure Regime (Tier 2). This classification has been determined as the council does not have public accountability and is not large as total expenses are less than \$30 million.

#### **Presentation currency and rounding**

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars. The functional and reporting currency of ODC is New Zealand dollars.

#### **Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

#### **Goods and Services Tax (GST)**

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

Commitment and contingencies are disclosed exclusive of GST.





## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued

### **Budget figures**

The budget figures are those approved by the Council at the beginning of the year in the Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by ODC for the preparation of the financial statements.

### **Cost Allocation**

The cost of service for each significant activity of ODC has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

### **Changes in Accounting Policies**

There have been no significant changes in accounting policies during the year.

### **COVID-19 Impact**

During the year ended 30 June 2020 there was a period of time when New Zealand was in various stages of lockdown due to the Covid-19 pandemic. The impacts for ODC on revenue was not significant, as the main impacts was only on library book rentals and some hall hireage income.

The most significant impact of the lockdowns was the delay in capital works, which has resulted in a larger carryover budget from 2019/20 to 2020/21 than expected.

Due to the lockdown, some non-financial performance measures were also impacted and not achieved, which would have been achieved without the impacts of the lockdown.

## **2. Revenue**

### **Accounting Policy**

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

#### *Revenue from non-exchange transactions*

#### **Rates revenue**

The following policies for rates revenue have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates revenue arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised when the invoices are raised.



## **Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued**

- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

### ***New Zealand Transport Agency roading subsidies***

ODC receives government grants from New Zealand Transport Agency, which subsidises part of ODC's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

### ***Other grants received***

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

### ***Development and Financial Contributions***

Development and financial contributions are recognised as other income when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time the Council provides, or is able to provide, the service.

### ***Vested or donated physical assets***

Where a physical asset is acquired for nil or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

### ***Direct charges – subsidised***

#### ***(i) Rendering of services - subsidised***

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service (such as building consents, water connections, dog licencing, etc.) and where the shortfall is subsidised by income from other activities, such as rates. Generally there are no conditions attached to such revenue.

Revenue from such subsidised services is recognised when the Council issues the invoice or bill for the service. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that the Council has an obligation to refund the cash received for the service (or the extent that the customer has the right to withhold the payment from the Council for the service) if the service is not completed.

#### ***(ii) Sale of goods – subsidised***

A sale of goods at a price that is not approximately equal to the value of the goods provided by the Council is considered a non-exchange transaction.

This includes sales of goods where the price does not allow the Council to fully recover the cost of producing the goods and where the shortfall is subsidised by income from other activities such as rates.

Revenue from the sale of such subsidised goods is recognised when the Council issues the invoice or bill for the goods. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the goods.



## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued

### Revenue from exchange transactions

#### Direct charges – full cost recovery

##### (i) Rendering of services – full cost recovery

Revenue from the rendering of services (such as resource consents, etc.) is recognised by reference to the stage of completion of the service. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

##### (ii) Sale of goods – full cost recovery

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.

#### Interest and dividends

Interest income is recognised using the effective interest method.

Dividends are recognised as income when the rights to receive payment have been established.

### Breakdown of rates and further information

	Actual 2019 (000's)	Actual 2020 (000's)
General Rates	5,122	5,630
<b>Targeted rates attributable to activities</b>		
Water	778	237
Sewerage	475	537
Refuse	245	249
Land Transport	4,992	4,776
Security	73	97
Erosion Protection	24	22
CBD Development	32	37
Halls	19	19
Rates penalties	127	187
<b>Total revenue from rates</b>	11,887	11,791
Metered Water Charges	721	1,404
<b>Total Water by Volume Rates</b>	721	1,404



## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued

### Breakdown of Subsidies and Grants

	Actual 2019 (000's)	Actual 2020 (000's)
<b>Subsidies</b>		
NZTA government grants	5,313	4,446
Other Subsidies	62	68
<b>Total Subsidies</b>	<b>5,375</b>	<b>4,514</b>

Other subsidies include waste minimisation subsidies, Sport NZ and Creative Communities funding.

### Breakdown of Other Income

	Actual 2019 (000's)	Actual 2020 (000's)
<b>Other Income</b>		
User charges	647	641
Metal Royalties	-	-
Regulatory revenue	808	738
Petrol tax	81	65
Vested assets revenue	2,025	12
Interest income for financial assets not at fair value through profit and loss		
- cash and cash equivalents	128	54
Dividend income	13	19
<b>Total other income</b>	<b>3,702</b>	<b>1,529</b>

### Exchange and Non-Exchange Revenue

Total revenue from non-exchange transactions includes the revenue from rates, government grants, fines and other revenue. Total non-exchange revenue for the 2019/20 financial year is \$18,823,177 (2019: \$21,156,748).

Total revenue from exchange transactions includes the revenue from interest, rental, royalties and other revenue. Total exchange revenue for the 2019/20 financial year is \$546,855 (2019: \$648,357).

**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2020 - continued**

	<b>Actual 2019</b>	<b>Actual 2020</b>
	<b>(000's)</b>	<b>(000's)</b>
Non-exchange revenue	21,157	18,823
Exchange revenue	648	547
<b>Total Revenue</b>	<b>21,805</b>	<b>19,370</b>
Total revenue per statement of comprehensive revenue and expenses	21,718	19,266
Add back: Other gains/(losses) on asset disposal	87	104
<b>Classified revenue per statement of comprehensive revenue and expenses</b>	<b>21,805</b>	<b>19,370</b>

Operating leases as lessor

ODC leases some property under operating leases. The majority of these leases have non-cancellable terms of 5 years, with lease terms ranging from 2 years up to 21 years in selected cases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	<b>Actual 2019</b>	<b>Actual 2020</b>
	<b>(000's)</b>	<b>(000's)</b>
<b>Non-cancellable operating leases as lessor</b>		
Not later than one year	104	35
Later than one year and not later than five years	106	84
Later than five years	278	265
Total non-cancellable operating leases	<b>488</b>	<b>384</b>

**3. Personnel Costs****Accounting policy****Defined Contribution Plans**

Obligations for contributions to Kiwisaver are recognised as defined contribution plans and are recognised as an expense in the surplus or deficit when incurred.



## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued

### Breakdown of personnel costs and further information

	Actual 2019 (000's)	Actual 2020 (000's)
Salaries and wages	3,803	4,096
Employer contributions to defined contribution plans	108	114
Increase/(decrease) in employee benefit liabilities	(89)	154
<b>Total employee benefit expenses</b>	<b>3,822</b>	<b>4,364</b>

Severance payments as identified later in this note are included in the salaries and wages figure in the above table.

Employer contributions to defined contribution plans include contributions to Kiwisaver and other contribution plans. No additional liability exists to ODC related to the defined contribution plans.

### Key management personnel compensation

Key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.

	Actual 2019 (000's)	Actual 2020 (000's)
Salaries and other short term employee benefits	959	970
Post-employment benefits (defined contribution plan)	41	30
	<b>1,000</b>	<b>1,000</b>

### Chief Executive

The Chief Executive received the following remuneration:

	Cost during the financial year	
	Actual 2019 (000's)	Actual 2020 (000's)
Salary – Dave Clibbery	198	-
Telephone rental – Dave Clibbery	1	-
Memberships – Dave Clibbery	1	-
Salary – Tanya Winter	77	223
Motor Vehicle – Tanya Winter	3	9
Fringe Benefit Tax – Tanya Winter	2	4
<b>Total Chief Executive's remuneration</b>	<b>282</b>	<b>236</b>

Dave Clibbery's last day was 15<sup>th</sup> February 2019 and Tanya Winter's first day was 18<sup>th</sup> February 2019.



## Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued

### Elected representatives

	Total remuneration	
	Actual 2019 (000's)	Actual 2020 (000's)
Max Baxter, Mayor	75	84
Deborah Pilkington, Deputy Mayor – until 12 October 2019	41	10
Ken Phillips – until 12 October 2019	18	6
Roy Johnson – Deputy Mayor from October 2019	18	37
Robyn Klos	20	30
Annette Williams	18	30
Paul McConnell – until 17 March 2020	32	30
Katrina Christison	25	35
Christopher Jeffries – from 12 October 2019	-	24
Bryan Ferguson – from 12 October 2019	-	22

### Council Employees

	Actual 2019	Actual 2020
Total remuneration by band for employees as at 30 June		
< \$60,000	30	24
\$60,000 - \$80,000	10	17
\$80,000 - \$100,000	5	7
\$100,000 - \$240,000	5	7
Total Employees	50	55

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 46 (2019: 45) full-time employees, with the balance of 9 part time employees representing 3.5 (2019: 2) full-time equivalent employees. A full-time employee is determined on the basis of a 40 hour working week.

### *Councillors*

At balance date, the Council consisted of 6 Councillors and 1 Mayor, with 1 vacancy that was in the middle of a by-election process. (2019: 7 Councillors and 1 Mayor). These equate to approximately 1 FTE.

### *Severance payments*

For the year ended 30 June 2020 ODC made no severance payments to employees (2019: no severance payments).



## Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued

### 4. Other Expenses

#### Accounting policy

##### Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where ODC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the ODC's decision. The Council's grants have no substantive conditions attached.

##### Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

	Actual 2019 (000's)	Actual 2020 (000's)
Deloitte fees for financial statement audit	121	141
Deloitte fees for other assurance services	4	4
Deloitte fees for long term plan audit	-	-
Minimum lease payments under operating leases	10	10
Activity operation	1,628	1,737
Asset maintenance	695	758
Road maintenance	3,816	4,257
Other expenses	1,416	2,283
<b>Total other expenses</b>	<b>7,690</b>	<b>9,190</b>

Otorohanga District Council is exempt from tax under the Income Tax Act 2007.

The impairment of receivables relates to the writing off of rates debtors after the statutory deadline of 7 years, as well as writing off rates debtors that were deemed to be uncollectible. Refer to Note 6 for a breakdown of the movement in the provision for doubtful debts.

#### Operating leases as lessee

ODC leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 60 months. These leases are for photocopying equipment used within the day-to-day running of the council. ODC does not have the option to purchase the leased asset at the expiry of the lease period. The future aggregate minimum lease payments to be made under non-cancellable operating leases are as follows:





**Ōtorohanga District Council**  
**Notes to the Financial Statements for the year ended 30 June 2020 -**  
**continued**

	Actual 2019 (000's)	Actual 2020 (000's)
<b>Non-cancellable operating leases as lessee</b>		
Not later than one year	10	10
Later than one year and not later than five years	21	11
Later than five years	-	-
<b>Total non-cancellable operating leases</b>	<b>31</b>	<b>21</b>

## 5. Cash and cash equivalents

### Accounting policy

#### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowing in current liabilities in the balance sheet.

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cashflow statement are reconciled to the related items in the balance sheet as follows:

	Actual 2019 (000's)	Actual 2020 (000's)
Cash and cash equivalents	3,119	7,157
<b>Total cash and cash equivalents</b>	<b>3,119</b>	<b>7,157</b>

Cash at the bank and in hand includes an amount which has a restriction on what the money can be used for. This is:

- Subdivision reserve fund \$237,777 (2019: \$171,920)

The money held in the subdivision reserve fund can only be used to fund capital expenditure related to district parks and reserves.



**Ōtorohanga District Council**  
**Notes to the Financial Statements for the year ended 30 June 2020 -**  
**continued**

**6. Receivables**

**Accounting policy**

**Receivables**

Receivables are recorded at their face value, less any provision for impairment.

	<b>Actual 2019 (000's)</b>	<b>Actual 2020 (000's)</b>
Rates receivables	978	1,194
Other receivables	666	538
Sundry debtors	2,512	1,112
	4,156	2,844
Less provision for impairment of receivables	(89)	(665)
	4,067	2,179
Represented by:		
Receivables from non-exchange transactions	3,910	2,002
Receivables from exchange transactions	157	177
	4,067	2,179

Rates are struck on the 1<sup>st</sup> of July each year, and are charged in two instalments. In the year ended 30 June 2020 these instalments were due on 30<sup>th</sup> August 2019 and 31<sup>st</sup> January 2020. A charge of 10% is added to all rates levied and due for the 2019/20 year that remains unpaid after 30<sup>th</sup> August 2019 and 31<sup>st</sup> January 2020. A further 10% charge is added to all rates that have been levied in any financial year previous to 1 July 2019 which remained unpaid as at that date.

All other receivables have standard terms of 30 days from the date of the invoice. No interest is charged for other receivables that remain unpaid after the completion of the term. There are no impairment issues with other receivables and sundry debtors.



## Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued

### Impairment

Movements in the provision for impairment of receivables are as follows:

	Actual 2019 (000's)	Actual 2020 (000's)
Balance at beginning of the year	(71)	(89)
Amounts remitted	7	56
(Increase)/decrease in provision	(25)	(632)
Balance at end of the year	(89)	(665)

The impairment relates entirely to rates receivables.

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment is based on an analysis of past collection history and debt write-offs.

## 7. Investments

### Accounting Policy

#### Other Financial Assets

Financial assets are initially recognised at fair value plus transaction costs except for those financial assets classified as fair value through surplus and deficit in which case the transaction costs are recognised in the surplus or deficit. Financial liabilities are recognised initially at fair value net of transaction costs.

Purchases and sales of investments are recognised on trade-date, the date on which ODC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and ODC has transferred substantially all the risks and rewards of ownership.

ODC classifies its financial assets into the following four categories:

- fair value through surplus or deficit;
- held-to-maturity investments;
- loans and receivables; and
- available for sale financial assets.

ODC currently only has loans and receivables and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

#### Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.



## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. 'Trade and other receivables' are classified as loans and receivables.

### *Available for sale financial assets*

Available for sale financial assets are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intended to dispose of, or realise, the investment within 12 months of balance date. The Council includes in this category:

- Investments that it intended to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

After initial recognition the shareholdings in listed and unlisted companies are measured at their fair value. Where no fair value is available then the assets are valued at cost.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated as a separate component of equity in the available-for-sale revaluation reserve with the exception of impairment losses, interest calculated using the effective interest rate and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation is reclassified from equity to the surplus or deficit.

### **Impairment of financial assets**

At each balance sheet date ODC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

### **Critical judgements in applying ODC's accounting policies**

Management has exercised the following critical judgements in applying the ODC's accounting policies for the period ended 30 June 2020:

#### **1. Classification of investments**

ODC owns a number of investments in other companies. The dividends received from these investments are incidental to holding the investments. These investments are held for strategic purposes, and are intended to be held for the long term. As such these investments have been classified as available for sale financial assets.

	Actual 2019 (000's)	Actual 2020 (000's)
<b>Available for sale Financial Assets</b>		
Unlisted shares – Waikato Regional Airport Ltd	464	464
Unlisted shares – Ballance Agrinutrients	11	11
Unlisted shares – Local Government Funding Agency	100	100
Borrower Notes – Local Government Funding Agency	48	48
Unlisted shares – Civic Financial Services	8	8
<b>Total equity investments</b>	<b>631</b>	<b>631</b>



## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued

### *Unlisted shares*

The fair value of unlisted shares of Ballance Agrinutrients, the Civic Financial Services Ltd and the Local Government Funding Agency are not able to be determined reliably and as such have been measured at cost. A range of estimates within which the fair values would be likely to lie are unable to be determined.

ODC holds a 0.26% shareholding in Waikato Local Authority Shared Services Limited, a company established by the 13 territorial and regional councils in the Waikato region. This share has a value of \$1,000, but the capital has not been called yet, and therefore no investment has been recognised in the balance sheet. Refer to note 19 – Contingencies for a discussion of the uncalled capital.

Council has considered if the investment in the available for sale financial assets is in any way impaired. Based on the information available to the Council, no impairment of the investments is believed to exist at this time.

## 8. Assets Held For Sale

### **Accounting policy**

#### **Assets held for sale**

Assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of assets held for sale are recognised in the surplus or deficit .

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Assets are not depreciated or amortised while they are classified as held for sale.

During the year there were plans for the development of a 63 lot residential subdivision at Westridge in Ōtorohanga budgeted. This subdivision was to be undertaken with the help of a private developer. As at 30 June 2020 this development had not commenced, and so there was no assets held for sale at year end.



## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued

### 9. Property, Plant and Equipment

#### Accounting Policy

##### Property, plant and equipment

Property, plant and equipment consist of:

*Operational assets* – These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.

*Restricted assets* – Restricted assets are mainly parks and reserves and related buildings owned by ODC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

*Infrastructure assets* – Infrastructure assets are the fixed utility systems owned by ODC. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

##### Revaluation

Land and buildings (operational and restricted), and infrastructural assets are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

##### Additions

The cost of an item or property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.



**Otorohanga District Council  
Notes to the Financial Statements for the year ended 30 June 2020 -  
continued**

**Disposals**

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated comprehensive revenue and expenses.

**Subsequent costs**

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to ODC and the cost of the item can be measured reliably.

**Depreciation**

Depreciation is provided on a straight-line basis or diminishing value basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

	Useful Life (Years)	Depreciation Rate
Buildings	40-100	1-2.5%
Improvements	20	5%
Vehicles	6.6	15%
Computers	3-4	25-33.33%
Office Equipment	4-10	10-25% DV
Furniture/ Fixture	10	10% DV
Library Books	6.6	15% DV
Plant and Machinery	2.5-3	33.33-40%
<u>Water Treatment</u>		
Piping	50-80	1.25-2%
Equipment	20-50	2-5%
Other	20	5%
<u>Water Reticulation</u>		
Piping	15-80	1.25-6.66%
Equipment	5-30	3.33-20%
Other	25	4%
<u>Wastewater</u>		
Piping	50-80	1.25-2%
Equipment	10-60	1.66-10%
Other	20-80	1.25-5%
<u>Stormwater</u>		
Piping	20-80	1.25-5%
Equipment	10-60	1.66-10%
Other	25	4%
<u>Roading</u>		
<i>Pavement (Basecourse)</i>		
- Sealed	30-60	1.66-3.33%
- Unsealed	5-10	10-20%
Seal	5-15	6.7-20%
Culverts	10-80	1.25-10%
Bridges	12-94	1-8.5%
Kerb & Channel/ Catchpits	45	2.2%
Footpaths	20-55	1.8-5%



## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued

Streetlights	5-46	2-20%
Signposting	5-20	5-20%
Delineators/ RPMs	3-7	14.3-33.3%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

### Impairment of property, plant and equipment

Property, plant and equipment subsequently measured at cost that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment.

Property, plant and equipment subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

### Critical accounting estimates and assumptions

In preparing these financial statements ODC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating an obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then ODC could be over or under estimating the annual depreciation charge recognised as an expense in the profit or loss. To minimise this risk ODC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the ODC's asset management planning activities, which gives ODC further assurance over its useful life estimates.





## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued

### **Useful lives of Property, Plant and Equipment**

The useful lives of property, plant and equipment have been determined based on the asset management plans used during the creation of the LTP. For infrastructural assets this has been based on the information provided by the National Asset Management Steering Group (NAMS) regarding the useful life of infrastructural assets. For all other property, plant and equipment, the depreciation schedules included in the Income Tax Act have been used as a basis for setting the useful lives.

### **Critical judgements in applying ODC's accounting policies**

Management has exercised the following critical judgements in applying the ODC's accounting policies for the period ended 30 June 2020:

#### **1. Classification of property**

ODC owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the ODC's social housing policy. These properties are accounted for as property, plant and equipment.

#### **2. Classification of non-financial assets as cash generating assets or non-cash-generating assets**

For the purpose of assessing impairment indicators and impairment testing, ODC classifies non-financial assets as either cash-generating or non-cash-generating assets. The Council classifies non-financial assets as cash-generating assets if the primary objective of the asset is to generate commercial return. All other assets are classified as non-cash-generating assets.

All property, plant and equipment and intangible assets held by ODC are classified as non-cash-generating assets. This includes assets that generate fee revenue or other cash flows for the Council, as the cash flows generated are generally not sufficient to represent commercial return on the assets.

**Ōtorohanga District Council**  
**Notes to the Financial Statements for the year ended 30 June 2020 - continued**

**2020**

	Cost /revaluation 1 July 2019	Accumulated depreciation	Carrying amount	Additions	Disposals (cost)	Disposals (accumulated depreciation)	Transfers out of Fixed Assets	Revaluation Movement	Depreciation	Cost /revaluation 30 June 2020	Accumulated depreciation	Carrying amount
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
<b>Council Operational assets</b>												
Land	8,189	-	8,189	-	-	-	-	566	-	8,755	-	8,755
Buildings	5,576	427	5,149	161	-	-	-	464	220	6,201	-	6,201
Plant & Machinery/ Motor Vehicles	1,305	461	844	183	66	32	-	-	165	1,422	594	828
Furniture & Equipment/ Library Books	1,819	1,302	517	168	92	60	-	-	131	1,895	1,373	522
Heritage Assets	250	-	250	-	-	-	-	-	-	250	-	250
Total operational assets	17,139	2,190	14,949	512	158	92	-	1,030	516	18,523	1,967	16,556
<b>Council infrastructural assets</b>												
Sewerage system	8,221	492	7,729	182	8	3	-	(550)	238	7,845	-	7,845
Water system	7,890	435	7,455	224	3	2	-	468	225	8,579	-	8,579
Rural water supply	7,609	378	7,231	54	5	1	-	1,702	179	9,360	-	9,360
Drainage network	7,074	214	6,860	80	1	-	-	1,262	111	8,415	-	8,415
Stopbanks	3,617	-	3,617	-	-	-	-	-	-	3,617	-	3,617
Roading, Bridges & Culverts	267,502	7,950	259,552	2,513	70	10	-	(18,295)	4,543	251,650	-	251,650
Work In Progress	597	-	597	798	597	-	-	-	-	798	-	798
Total infrastructural assets	302,510	9,469	293,041	3,851	684	16	-	(15,413)	5,296	290,264	-	290,264
<b>Council restricted assets</b>												
Land	7,500	-	7,500	12	-	-	-	687	-	8,199	-	8,199
Buildings	6,272	312	5,960	42	-	-	-	3	161	6,317	-	6,317
Work In Progress	62	-	62	51	62	-	-	-	-	51	-	51
Total restricted assets	13,834	312	13,522	105	62	-	-	690	161	14,567	-	14,567
Total ODC property, plant and equipment	333,483	11,971	321,512	4,468	904	108	-	(13,693)	5,973	323,354	1,967	321,387

Land under roads included in Roothing network totals \$45,044,378.

**Ōtorohanga District Council**  
**Notes to the Financial Statements for the year ended 30 June 2020 - continued**

2019

	Cost /revaluation 1 July 2018	Accumulated depreciation	Carrying amount	Cost /revaluation 30 June 2019	Accumulated depreciation	Carrying amount
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
<b>Council Operational assets</b>						
Land	5,751	-	5,751	8,189	-	8,189
Buildings	5,527	211	5,316	5,576	427	5,149
Plant & Machinery/ Motor Vehicles	994	494	500	1,305	461	844
Furniture & Equipment/ Library Books	1,732	1,195	537	1,819	1,302	517
Heritage Assets	250	-	250	250	-	250
Total operational assets	14,254	1,900	12,354	17,139	2,190	14,949
<b>Council infrastructural assets</b>						
Sewerage system	8,033	259	7,774	8,221	492	7,729
Water system	7,359	223	7,136	7,890	435	7,455
Rural water supply	7,470	207	7,263	7,609	378	7,231
Drainage network	6,696	108	6,588	7,074	214	6,860
Stopbanks	3,617	-	3,617	3,617	-	3,617
Roading, Bridges and Culverts	244,064	3,957	240,107	267,502	7,950	259,552
Work In Progress	157	-	157	597	-	597
Total infrastructural assets	277,396	4,754	272,642	302,510	9,469	293,041
<b>Council restricted assets</b>						
Land	6,446	-	6,446	7,500	-	7,500
Buildings	6,199	154	6,045	6,272	312	5,960
Work In Progress	20	-	20	62	-	62
Total restricted assets	12,665	154	12,511	13,834	312	13,522
Total ODC property, plant and equipment	304,315	6,808	297,507	333,483	11,971	321,512

Land under roads included in Roothing network totals \$42,116,035.



## **Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued**

An independent valuation of the entity's buildings was performed in the current financial year by Quotable Value, independent registered valuers not related to the entity, to determine the fair value of the buildings. Where possible market values were obtained, and where these couldn't be obtained, depreciated replacement cost was used. The valuation was effective as at 30 June 2020 in which the total fair value of buildings valued by Quotable Value was \$12,518,900.

An independent valuation of the entity's land was performed in the current financial year by Quotable Value, independent registered valuers not related to the entity, to determine the fair value of the land. Where possible market values were obtained and then discounted or adjusted using knowledge of the specific properties being valued. The valuation was effect as at 30 June 2020 in which the total fair value of land valued by Quotable Value was \$16,955,400.

The infrastructural assets were valued by sufficiently experienced in-house engineering staff. The valuations were independently reviewed and confirmed to have met the appropriate valuation and financial reporting standards, and deemed suitable for inclusion in the financial statements. The assets were valued by determining their depreciated replacement cost as no market value is available for these types of assets.

The water, wastewater and stormwater asset valuations were independently peer reviewed by Beca Projects NZ Limited. The total fair value of the 3 waters infrastructural assets was \$34,198,718.

The roading valuation was independently peer review by Beca Projects NZ Limited. The total fair value of the roading infrastructural assets at 30 June 2020 was \$251,650,325.

As at balance date no items of property, plant and equipment were temporarily idle. No items of property, plant and equipment were retired from active use and not classified as held for sale.

Rental property held by the Council is held to provide housing for the elderly, and the carrying amount as at 30 June 2020 is \$3,038,000 (2019: \$1,853,020).

### **Valuation uncertainty**

As at the valuation date, the valuer has considered there is valuation uncertainty provided by COVID-19 and that a higher degree of caution should be attached to the valuation than would be applied in more normal circumstances. The value assessed may change significantly and unexpectedly over a relatively short period of time and historical transactional data may not be reflective of how markets might move under differing economic, monetary and fiscal conditions. It is recommended by the valuer that the valuation uncertainty is noted and the valuation be reviewed periodically.



**Ōtorohanga District Council**  
**Notes to the Financial Statements for the year ended 30 June 2020 -**  
**continued**

2020

	Closing book value (000's)	Additions		Estimated replacement cost (000's)	Date of Estimate
		Constructed by Council (000's)	Assets transferred to Council (000's)		
<b>Infrastructural Assets</b>					
Water treatment plants & facilities	2,941	270	-	7,309	30 June 2020
Other water assets	14,997	8	-	23,306	30 June 2020
Wastewater treatment plants & facilities	1,974	82	-	4,088	30 June 2020
Other wastewater assets	5,871	100	-	12,073	30 June 2020
Stormwater drainage	8,416	17	-	11,277	30 June 2020
Flood protection and control works	3,617	63	-	5,494	30 June 2020
Roads & footpaths	252,449	2,513	-	329,878	30 June 2020
<b>Total infrastructural assets</b>	<b>290,265</b>	<b>3,053</b>	<b>-</b>	<b>393,425</b>	

Capital commitments

	Actual 2019 (000's)	Actual 2020 (000's)
<b>Capital commitments</b>		
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	2,346	2,201
<b>Other Expenditure Commitments</b>		
Maintenance Contracts	6,121	2,799

**10. Intangible assets – Computer Software**

**Accounting Policy**

**Intangible assets**

*Software acquisition*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

*Amortisation*

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the profit or loss.



## Ōtorohanga District Council

### Notes to the Financial Statements for the year ended 30 June 2020 - continued

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software (finite life)	3 years	33.3%
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#### Impairment of intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment.

Intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

	Actual 2019 (000's)	Actual 2020 (000's)
Balance as at 1 July		
Cost	645	722
Accumulated amortisation	(566)	(632)
Opening carrying amount	79	90
Year ended 30 June		
Additions	77	16
Disposals – cost	-	(319)
Disposals – accumulated amortisation	-	271
Amortisation charge	(66)	(25)
Movement	11	(57)
Balance at 30 June		
Cost	722	419
Accumulated amortisation	(632)	(386)
Closing carrying amount	90	33

Amortisation of intangibles is included in the depreciation and amortisation line within the Statement of Comprehensive Income. Refer to note 11 for a breakdown of this item.

Some items of software have been fully amortised but are still in use by the council. These items include operating systems and other key software used in the day-to-day running of council.

#### Other intangibles

ODC has a number of easements over properties, giving Council access to inspect and maintain items of infrastructural importance. These easements hold no commercial value, and therefore no amount has been recorded for these easements.



**Ōtorohanga District Council**  
**Notes to the Financial Statements for the year ended 30 June 2020 -**  
**continued**

**11. Depreciation and Amortisation**

	Actual 2019 (000's)	Actual 2020 (000's)
Depreciation	5,372	5,973
Amortisation	66	25
<b>Total depreciation and amortisation</b>	<b>5,438</b>	<b>5,998</b>

*Depreciation by group of activity*

	Actual 2019 (000's)	Actual 2020 (000's)
Roads and Footpaths	4,003	4,543
Water Supply	388	409
Sewerage Treatment & Disposal	242	245
Flood Protection & Control Works	23	26
Stormwater Drainage	92	95
Community Services	366	386
Regulatory Services	1	1
Governance & Leadership	323	293
	<b>5,438</b>	<b>5,998</b>

**12. Payables under exchange transactions**

**Accounting Policy**

**Payables under exchange transactions**

Payables under exchange transactions are recognised when ODC becomes obliged to make future payments resulting from the purchase of goods and services. Subsequent to initial recognition, payables under exchange transactions are recorded at amortised cost.

	Actual 2019 (000's)	Actual 2020 (000's)
Trade payables	1,248	1,082
Deposits and bonds	673	378
Accrued expenses	143	155
<b>Total payables under exchange transactions</b>	<b>2,064</b>	<b>1,615</b>

Payables under exchange transactions are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value. The entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.



## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued

### 13. Provisions

#### Accounting Policy

##### Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in “finance costs”.

##### *Landfill post-closure costs*

ODC, as operator of the Ōtorohanga and Kāwhia closed landfills, has a legal obligation under the resource consents to provide ongoing maintenance and monitoring services at the landfill. An allowance for post-closure costs is recognised as a provision within the balance sheet.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

##### *Financial guarantee contract liabilities*

A financial guarantee contract is a contract that requires the Council to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contract liabilities are measured initially at their fair value. If a financial guarantee was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is practicable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

- The present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee; and
- The amount initially recognised less, when appropriate, cumulative amortisation as revenue.





**Ōtorohanga District Council**  
**Notes to the Financial Statements for the year ended 30 June 2020 -**  
**continued**

**Provisions**

	<b>Actual 2019 (000's)</b>	<b>Actual 2020 (000's)</b>
Opening Balance	18	18
Maintenance and Monitoring Costs	-	(1)
Closing balance	18	17
Represented by:		
Current portion	1	1
Non-current provisions	17	16
	18	17

**Landfill aftercare provision**

ODC gained resource consents to operate its Ōtorohanga and Kāwhia landfills. ODC has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the sites are closed.

Both landfills are closed. There are closure and post-closure responsibilities such as the following:

**Closure responsibilities**

- Final cover application and vegetation
- Incremental drainage control features
- Completing facilities for leachate collection and monitoring
- Completing facilities for water quality monitoring
- Completing facilities for monitoring and recovery of gas.

**Post-closure responsibilities**

- Treatment and monitoring of leachate
- Ground water and surface monitoring
- Gas monitoring and recovery
- Implementation of remedial measures such as needed for cover, and control of systems.
- Ongoing site maintenance for drainage systems, final cover and vegetation.

**Capacity of the Site**

The Ōtorohanga and Kāwhia landfills have been capped.

The cash outflows for landfill post-closure responsibilities are expected to occur between 2011 and 2033. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 7.00% (2019: 7.00%).



## Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued

### 14. Employee benefit liabilities

#### Accounting Policy

##### Employee entitlements

###### *Short-term employee entitlements*

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where the Council has a contractual obligation or where there is a past practice that has created a constructive obligation.

###### *Long-term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows.

###### *Presentation of employee entitlements*

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

	Actual 2019 (000's)	Actual 2020 (000's)
Accrued pay	73	121
Annual leave	196	307
Long service leave	24	20
Sick leave	3	2
Total employee benefit liabilities	296	450
Comprising:		
Current	269	428
Non-current	27	22
Total employee benefit liabilities	296	450



**Ōtorohanga District Council**  
**Notes to the Financial Statements for the year ended 30 June 2020 -**  
**continued**

**15. Income in advance**

	Actual 2019 (000's)	Actual 2020 (000's)
Rates	507	534
Metered Water Charges	13	15
Debtors	273	362
Dog Registrations	61	72
Trade Waste	6	5
Health Licences	6	7
<b>Total income in advance</b>	<b>866</b>	<b>995</b>

**16. Development and financial contributions in advance**

**Accounting Policy**

Development and financial contributions are recognised as a current liability until such time as the project they are collected for is undertaken, at which time they are recognised as non-exchange revenue.

	Actual 2019 (000's)	Actual 2020 (000's)
Roading Safety Improvements	350	439
Thomson/Harper Water Main	1	1
Ōtorohanga Stormwater Capacity Upgrade	7	7
Ōtorohanga Community Water Treatment	6	6
<b>Total income in advance</b>	<b>364</b>	<b>453</b>

**17. Borrowings**

**Accounting Policy**

**Borrowings**

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method net of transaction costs.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.



## Ōtorohanga District Council

### Notes to the Financial Statements for the year ended 30 June 2020 - continued

	Actual 2019 (000's)	Actual 2020 (000's)
<b>Current</b>		
Secured loans	-	3,015
Total current borrowings	-	3,015
<b>Non-current</b>		
Secured loans	3,033	-
Concessionary loan	448	448
Total non-current borrowings	3,481	448

#### Fixed-rate debt

The majority of ODC's secured debt of \$3,463,110 (2019: \$3,481,057) is issued at fixed rates of interest ranging from 5.00% - 6.00% (2019: 5.00% - 6.00%). The effective net interest rates charged after discount were 4.23% - 4.73% (2019: 4.23% - 4.73%).

Total borrowing from the Local Government Funding Agency (LGFA) as at 30 June 2020 is \$3,015,497 (2019: \$3,033,590).

#### Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$200,000 (2019: \$200,000). There are no restrictions on the use of this facility.

ODC's loans are secured over either separate or general rates of the district.

#### Refinancing

ODC manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy.

#### Concessionary loan

This concessionary loan was advanced to the Council by the Government in order to fund repairs on Council social housing in Ōtorohanga. This loan was advanced in two amounts, \$165,000 on 29<sup>th</sup> June 2007, and \$283,000 on 14<sup>th</sup> March 2008. The interest rate on this loan is 0% (2019: 0%). This loan is a suspensory loan with a 20 year term. Should ODC meet the conditions of the loan, including retaining ownership of the pensioner housing units, the loan will not be required to be repaid at the end of the term.

## 18. Equity

### Accounting Policy

#### Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Accumulated comprehensive revenue and expenses
- Restricted reserves
- Asset revaluation reserves



**Ōtorohanga District Council**  
**Notes to the Financial Statements for the year ended 30 June 2020 -**  
**continued**

– Available for sale revaluation reserve

*Restricted reserves*

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves include those subject to specific conditions accepted as binding by ODC and which may not be revised by ODC without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

*Asset revaluation reserve*

The asset revaluation reserve arises on the revaluation of land, buildings and infrastructural assets to fair value.

*Available for sale revaluation reserve*

Available for sale revaluation reserve arises on the revaluation of investments held. Where a revalued investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is reclassified from equity to surplus or deficit.



**Ōtorohanga District Council**  
**Notes to the Financial Statements for the year ended 30 June 2020 -**  
**continued**

	<b>Actual 2019 (000's)</b>	<b>Actual 2020 (000's)</b>
<b>Accumulated Funds</b>		
Balance at 1 July	159,734	164,178
Transfers to restricted reserves	(133)	(170)
Transfers from property revaluation reserves on disposal	24	-
Transfers from restricted reserves	48	53
Surplus/(deficit) for the year	4,505	(476)
<b>Total Accumulated Funds at 30 June</b>	<b>164,178</b>	<b>163,585</b>
<i>Represented by:</i>		
Accumulated Comprehensive Revenue and Expenses	159,216	159,753
Council Controlled Reserves	4,962	3,832
	164,178	163,585
<b>Restricted Reserves</b>		
Balance at 1 July	3,095	3,180
Transfers to accumulated funds	(48)	(53)
Transfers from accumulated funds	133	170
<b>Total Restricted Reserves at 30 June</b>	<b>3,180</b>	<b>3,297</b>
<b>Asset Revaluation Reserves</b>		
Balance at 1 July	135,034	155,404
Net revaluation gains	20,394	2,139
Transfer to accumulated funds on disposal of property	(24)	-
Balance 30 June	155,404	157,543
Asset revaluation reserves consist of:		
<i>Operational assets</i>		
Land	5,978	6,546
Buildings	2,085	3,199
<i>Infrastructural assets</i>		
Sewerage system	4,220	4,395
Water system	4,495	5,615
Drainage network	4,517	6,104
Rural Water Supply	3,751	6,007
Roading network	119,210	113,369
Floodbank	2,443	2,443
<i>Restricted assets</i>		
Land	3,955	4,642
Buildings	4,749	5,222
Total Asset Revaluation Reserves	155,403	157,542
<b>Available for sale Revaluation Reserve</b>		
Balance at 1 July	1	1
Net change in fair value	-	-
Transfer to surplus or deficit on disposal	-	-
Balance at 30 June	1	1
<b>Total Asset Revaluation Reserves at 30 June</b>	<b>155,404</b>	<b>157,543</b>

**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2020 - continued**

Restricted reserves relate to:

- Subdivision reserves, which are used to record financial contributions on subdivisions. These financial contributions are accepted in lieu of the developer creating a reserve, and the money is used by Council for work on reserves within the area.
- General funds reserve, which is used for specific purposes that Council elects to use it for. Any use of money from this reserve has to be designated within the LTP or Annual Plan. This reserve is typically used for one-off non-operational items.

Information about Council controlled reserves is provided below

	Balance 1 July	Transfer into fund	Transfers out of fund	Balance 30 June
	(000's)	(000's)	(000's)	(000's)
<b>2020</b>				
Roads and Footpaths	2,109	12,425	(13,387)	1,147
Water Supply	(871)	2,428	(2,674)	(1,117)
Sewerage	(12)	979	(1,071)	(104)
Flood Protection	314	109	(244)	179
Regulatory Services	(42)	201	(179)	(20)
Community Services	189	701	(694)	196
Governance and Leadership	787	1,384	(1,450)	721
Community Development	-	-	-	-
General Funds	2,488	5,882	(5,540)	2,830
<b>Total Council Controlled Reserves - 2020</b>	<b>4,962</b>	<b>24,109</b>	<b>(25,239)</b>	<b>3,832</b>
<b>2019</b>				
Roads and Footpaths	2,461	14,647	(14,999)	2,109
Water Supply	(669)	2,275	(2,477)	(871)
Sewerage	45	1,005	(1,062)	(12)
Flood Protection	268	173	(127)	314
Regulatory Services	(61)	198	(179)	(42)
Community Services	141	703	(655)	189
Governance and Leadership	863	1,538	(1,614)	787
Community Development	-	-	-	-
General Funds	1,856	5,365	(4,733)	2,488
<b>Total Council Controlled Reserves - 2019</b>	<b>4,904</b>	<b>25,904</b>	<b>(25,846)</b>	<b>4,962</b>

**Purpose of each Council Controlled Reserve fund**

All Council Controlled Reserves arise from situations where the income generated from an activity is larger than the expenditure, or expenditure has been higher than income, and these savings or deficits are ring-fenced to the related activity. The reserves are grouped by Group of Activities and can only be spent for those purposes they were collected for.



## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued

### 19. Contingencies

#### Contingent Liabilities

	Actual 2019 (000's)	Actual 2020 (000's)
Guarantees	420	1,120
Uncalled Capital – Local Government Funding Agency	100	100
Uncalled Capital – Waikato Local Authority Shared Services	6	6
	526	1,226

#### *Guarantees*

The value of guarantees disclosed as contingent liabilities reflects ODC's assessment of the undiscounted portion of financial guarantees that are not recognised in the Balance Sheet. At the year-end it was not probable that the counterparty to the financial guarantees contract will claim under the contract.

#### *New Zealand Local Government Funding Agency*

Ōtorohanga District Council is a shareholder of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

ODC is one of 30 shareholders of the LGFA. In that regard it has uncalled capital of \$100,000. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders, Council is a guarantor of all of LGFA's borrowings. At 30 June 2020, LGFA had borrowings totalling \$10,900m (2019: \$9,843m).

The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- a. We are not aware of any local authority debt default events in New Zealand; and
- b. local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

#### *Uncalled Capital*

The uncalled share capital for Waikato Local Authority Shared Services amounts to \$5,717 as at 30 June 2020. At present ODC is not aware of any plan to call the capital in the near future.

#### *Carter Holt Harvey*

In 2013, the Ministry of Education (MoE) initiated High Court proceedings against Carter Holt Harvey (CHH) and other alleging inherent defects in the shadowclad plywood cladding sheets manufactured and distributed by CHH. The MoE's original claim was for 833 school buildings, of which 3 are located within the Ōtorohanga District.

In 2016, CHH commenced proceedings against 48 Councils, including Ōtorohanga District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates.





## Otorohanga District Council

### Notes to the Financial Statements for the year ended 30 June 2020 - continued

During 2018 the Councils sought to strike out CHH's claims against them. The High Court declined the strike out of the claim, but struck out proceedings in relation to 28 school buildings built outside the 10 year long stop contained within the Building Act 2004. None of these 28 buildings were in the Otorohanga District. The court has directed that the trial be staged. The first stage was to be a 6 month hearing commencing in April 2020, to determine whether shadow clad is inherently defective.

#### 20. Related party transactions

The following transactions were carried out with related parties:

##### Key management personnel

Key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

No provision has been required, nor any expense recognised for impairment of receivables to related parties (2019: \$nil).

#### 21. Events after balance sheet date

In August 2020, the claim from Carter Holt Harvey was settled. There was no claim deemed payable by Council.

In July 2020 Council signed an agreement with the Otorohanga Kiwi House to provide a loan of \$2M to assist them with their development. The first payment of this loan was made in July 2020, with a second payment in September 2020.

#### 22. Financial instrument risks

##### Financial instruments categories

	Actual 2019 (000's)	Actual 2020 (000's)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	3,119	7,157
Receivables from non-exchange transactions	3,910	2,002
Receivables from exchange transactions	157	177
	7,186	9,336
<b>Available for sale financial assets</b>		
Listed shares	-	-
Unlisted shares	583	583
<i>Total available for sale financial assets</i>	583	583
<b>FINANCIAL LIABILITIES</b>		



**Ōtorohanga District Council**  
**Notes to the Financial Statements for the year ended 30 June 2020 -**  
**continued**

<b>Financial liabilities at amortised cost</b>		
Payables under exchange transactions	2,065	1,615
Borrowings		
- secured loans	3,481	3,463
<i>Total financial liabilities at amortised cost</i>	5,546	5,078

Ōtorohanga District Council has a series of policies to manage the risks associated with financial instruments. ODC is risk averse and seeks to minimise exposure from its treasury activities. ODC has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.



## **Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2020 - continued**

### **23. Explanation of major variances against budget**

Explanations for major variations from the Council estimate figures in the 2019/20 Annual Plan are as follows:

#### **Statement of Comprehensive Revenue and Expenses**

Subsidies were \$296,000 below budget. This is due to spending on roading capital works being down on the previous year, as a result of the Covid-19 lockdown happening during the time when the bulk of the roading capital work is undertaken.

Other gains/losses on asset disposal was \$451,000 below budget. This is due to the fact that the budget included profits from the sale of properties developed as part of the development that was budgeted but not undertaken. The losses shown reflect the losses made on the disposal of assets held by Council.

Depreciation and amortisation was \$720,000 above budget. This reflects both additional depreciation for new assets acquired in the 2018/19 financial year after the budgets were finalised and 2019/20 financial year additions. There was also additional depreciation due to the fair value adjustment of the roading assets undertaken in the 2018/19 financial year, which was not reflected in the budgets.

Other expenses is \$1,072,000 above budget. This is predominately due to increased road maintenance expenditure, due to the reduction in roading capital work due to Covid-19. There was also increased asset maintenance costs compared to budget, which have been offset by a reduction in activity operations costs due to the lockdown for Covid-19. It also relates to an increase in the provision for doubtful debts, to allow for debts that may need to be written off in future years.

#### **Balance Sheet**

Cash and cash equivalents is up on budget by \$3,808,000. This is due in large part to the savings made in expenditure as a result of the Covid-19 lockdown, which has reduced operating costs for large parts of the Council for the period of the full lockdown, as well as beyond.

Assets held for sale reduced by \$3,051,000 from budget due to the proposed subdivision not taking place during the 2019/20 year.

Payables under exchange transactions was below budget by \$1,173,000. This is due to a change in payment processes in response to lockdown that all invoices received are paid as soon as possible, as opposed to waiting until the 20th of the month. This process has continued on since lockdown was lifted.

Revaluation reserves were above budget by \$22,496,000 and Property Plant and Equipment was above budget by \$19,696,000 due to the revaluation of all land and building and infrastructural assets.

#### **Statement of Cash Flows**

Cash flows from operating activities was above budget by \$446,000, as a result of increased receipts from other revenue.

Cash flows from investing activities is \$4,495,000 under budget. This is due to the deferral of some capital expenditure projects, particularly the proposed subdivision, as well as those items deferred due to the Covid-19 lockdown.



# **PERFORMANCE/ STATEMENT OF COMPLIANCE AND RESPONSIBILITY**



## **PERFORMANCE DURING 2019/20**

### **Statement of Service Performance**

The Local Government Act 2002 contains a requirement for Council to report on non-financial information in the Annual Report. In developing its Long Term Plan for the 2018/19 year, Council set a number of performance measures which are reported on by activity.

These performance measures contain elements of quality, quantity, timeliness and location (where applicable).

### **Quality Management**

The Council is committed to the principles of quality service and continuous improvement and, to this end, has controls in place for monitoring and improving the quality of the service it provides.

### **Capital Works**

Capital works are constructed to design specifications. Inspections of works are undertaken by suitably qualified and experienced engineers and progress is reported on a regular basis to the Council.

### **Project Management**

The Engineering Management Department undertakes the functions of planning, programming, supervision and technical audit of professional services and physical contracts let for the council, either through the in-house Business Unit or through independent consulting engineers. Substantial works are undertaken by consultants and contractors under separate contracts. For all professional services or physical contracts, monies are retained until after a satisfactory maintenance period, when the contract is deemed complete.



## STATEMENT OF COMPLIANCE AND RESPONSIBILITY

### Statement of Compliance

The Council and Management of Ōtorohanga District Council confirm that all the statutory requirements of the Local Government Act 2002, regarding financial management and borrowing, have been complied with.

### Statement of Responsibility

The Council and Management of Ōtorohanga District Council accept responsibility for the preparation of the annual Financial Statements and Statement of Service Performance and the judgements used in them.

The Council and Management of Ōtorohanga District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Management of Ōtorohanga District Council, the annual Financial Statements for the year ended 30 June 2020 fairly reflect the financial position and operations of Ōtorohanga District Council.

Max Baxter  
**MAYOR**

Tanya Winter  
**CHIEF EXECUTIVE**

Graham Bunn  
**GROUP MANAGER**  
**CORPORATE**

15<sup>th</sup> December 2020



## **REPORT ON LONG TERM PLAN AND POLICIES**

### **Introduction**

Each local authority is required to prepare and adopt a long term plan, funding policy, investment policy, and borrowing and investment policy.

Section 98(2) of the Local Government Act 2002 specifies that every local authority must provide, in its Annual Report, sufficient information about each of the documents listed above to enable an informed assessment of the extent to which the objectives and provisions of the strategy and policies have been met during that year.

### **Overview**

During 2019/20 the Council made significant progress toward the achievement of objectives and policies for the year as set out in the Long Term Plan, Funding Policy and Borrowing and Investment Policy. Details of achievement against the objectives and policy are set out below.

## **Long Term Plan**

### **Background**

The Long Term Plan (LTP) identifies significant activities of the Council and provides for the associated estimated future expenses, revenues, cashflows and other movements in the Balance Sheet. The general aim of the LTP is to ensure that the Council has adequately considered and accounted for its future operations in accordance with the following six principles.

- Prudent management of Council activities in the interest of the District and its inhabitants.
- Adequate provision for expenditure needs of the council.
- Adequate consideration and assessment of benefits and costs of different options.
- Lawful funding mechanisms that on reasonable grounds can be considered as appropriate.
- Maintaining prudent levels of debt in accordance with borrowing management policy.
- Operating revenue to cover all operating expenses.

The 2019/20 year was the second year of the 2018/28 LTP.



## **BORROWING AND INVESTMENT POLICY**

### **Background**

The Borrowing and Investment Policy incorporates the Investment and Borrowing Policies. The investment policy sets the parameters within which investment activity can occur, approved organisations for investment, and the type of approved investment vehicles. The mix of investments between current and non-current is determined according to Council's working capital needs. The purpose of the borrowing policy is to ensure that Council's debt and associated risks are maintained at prudent levels. It sets the parameters within which debt may be raised and the types of debt instruments available. Refer to the Annual Plan for an outline of the policy.

### **Overall Performance**

There are no significant variations or material departures from the Councils' Borrowing and Investment Policy as reported in the 2018/28 Long Term Plan.





## **OPPORTUNITIES FOR MĀORI TO CONTRIBUTE TO COUNCILS' DECISION-MAKING PROCESSES**

The Council is committed to engaging with Māori for the good governance of the District. This is done in a manner that is inclusive and makes the best use of the resources of both Māori and the Council.

Various mechanisms to enhance current practices were considered, and have been discussed with Iwi leaders throughout the year. These include ongoing meetings with representative groups such as the Nehenehenui and Nga Tai O Kāwhia Regional Management Committees, the holding of Council meetings on Marae, and the provision of information concerning resource management processes. Council is committed to continued discussion and early engagement with Iwi.

The Crown has signed two separate Deeds of Settlement with Raukawa and Maniapoto which will affect Council. During the year Council resolved to support the inclusion of the macron (tohutō) above the Ō in Ōtorohanga, meaning a change to Council's name to Ōtorohanga District Council. Council also resolved to support the transfer of two pieces of land: Kakamutu and Huipūtea as part of the Ngāti Maniapoto Deed of Settlement.

The Waikato River Settlement Act recognizes the connection and significance of Waikato-Tainui, Tuwharetoa, Affiliate Te Arawa Iwi/Hapu, Raukawa and Maniapoto with the Waikato River.

The Act streamlines the co-governance and co-management arrangements, establishes a single co-governance entity, the Waikato River Authority, and seeks to restore and protect the health and wellbeing of the Waikato River through the incorporation of the Vision and Strategy for the Waikato River into the Waikato Regional Policy Statement.

The area considered by the Waikato River Authority does not include Ōtorohanga District and as such there are no implications at a Governance level for the Council. However the incorporation of the Vision and Strategy into the Waikato Regional Policy Statement requires Council in reviewing its District Plan and making decisions on resource consents give effect to the relevant provisions of the Vision and Strategy. This is to be undertaken as part of the relevant review of consent processes.



# **SIGNIFICANT ACTIVITIES**

## COMBINED COST OF SERVICE STATEMENT

### For the Year ended 30 June 2020

2019 Actual \$ (000's)		2020 AP Estimate \$ (000's)	2020 Actual \$ (000's)
	<b>OPERATING REVENUE</b>		
7,052	Activity Revenue	6,501	6,031
7,359	Targeted Rates	7,373	7,378
120	Development Contributions	10	132
5,249	General Rates	5,737	5,817
5,990	Other General Sources	6,664	6,481
<b>25,770</b>	<b>TOTAL OPERATING REVENUE</b>	<b>26,285</b>	<b>25,839</b>
	<b>Reconciling Items:</b>		
(5,990)	Internal Recoveries	(6,664)	(6,481)
(87)	Gains/(losses) on asset disposal	347	(104)
2,025	Assets vested in Council	50	12
<b>21,718</b>	<b>TOTAL OPERATING REVENUE PER STATEMENT OF COMPREHENSIVE INCOME</b>	<b>20,018</b>	<b>19,266</b>
	<b>OPERATING EXPENDITURE</b>		
9,154	Roading	8,845	10,488
2,230	Water Supply	2,286	2,341
852	Sewerage	727	735
217	Stormwater	152	210
91	Flood Protection	194	172
1,762	Regulatory Services	2,871	1,937
2,639	Community Services	2,009	2,693
324	Community Development	650	355
5,910	Governance and Leadership	6,945	6,659
<b>23,179</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>24,679</b>	<b>25,590</b>
	<b>Reconciling Items:</b>		
(5,990)	Internal Recoveries	(6,664)	(6,481)
-	Interest difference	-	-
-	Landfill Aftercare Provision	-	-
24	Doubtful Debt Provision adjustment		633
<b>17,213</b>	<b>TOTAL OPERATING EXPENDITURE PER STATEMENT OF COMPREHENSIVE INCOME</b>	<b>18,014</b>	<b>19,742</b>
<b>4,505</b>	<b>NET PROFIT/(LOSS)</b>	<b>2,004</b>	<b>(476)</b>

**Whole of Council Funding Impact Statement**

	2018/19 Long Term Plan \$ (000's)	2018/19 Actual \$ (000's)	2019/20 Annual Plan \$ (000's)	2019/20 Actual \$ (000's)
<b>Sources of Operating Funding</b>				
General rates, uniform annual general charges, rates penalties	5,286	5,249	5,737	5,817
Targeted Rates (other than a targeted rate for water supply)	7,404	7,359	7,373	7,378
Subsidies and grants for operating purposes	2,115	2,137	2,224	2,820
Fees and charges	988	960	985	909
Interest and dividends from investments	102	141	111	73
Local authorities fuel tax, fines, infringement fees and other receipts	711	576	596	530
<b>Total Operating Funding</b>	<b>16,606</b>	<b>16,422</b>	<b>17,026</b>	<b>17,527</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	12,745	10,926	12,073	12,347
Finance Costs	525	263	195	190
Other operating funding applications	781	727	819	800
<b>Total application of operating funding</b>	<b>14,051</b>	<b>11,916</b>	<b>13,087</b>	<b>13,337</b>
<b>Surplus (deficit) of operating funding</b>	<b>2,555</b>	<b>4,506</b>	<b>3,939</b>	<b>4,190</b>
<b>Sources of Capital Funding</b>				
Subsidies and grants for capital expenditure	3,042	3,239	2,585	1,694
Development and financial contributions	10	26	10	60
Increase (decrease) in debt	4,182	(321)	2,880	(784)
Gross proceeds from sale of assets	1,355	135	1,352	43
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>8,589</b>	<b>3,079</b>	<b>6,827</b>	<b>1,013</b>
<b>Application of capital funding</b>				
Capital expenditure				
- To meet additional demand	-	51	150	33
- To improve the level of service	5,085	948	4,326	107
- To replace existing assets	6,638	5,777	6,331	3,475
Increase (decrease) in reserves	(579)	809	(41)	1,588
Increase (decrease) of investments	-	-	-	-
<b>Total application of capital funding</b>	<b>11,144</b>	<b>7,585</b>	<b>10,766</b>	<b>5,203</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2,555)</b>	<b>(4,506)</b>	<b>(3,939)</b>	<b>(4,190)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## ROADS AND FOOTPATHS

The road network forms the backbone of Ōtorohanga's infrastructure and impacts on the potential for development in the District. The purpose of this activity is to provide for the safe and efficient passage of traffic throughout the District and Council acknowledges its interdependency on the State Highway network, as well as partnerships with key stakeholders in the transport arena.

This is the single largest activity of Council, and provides for road improvement and maintenance works such as pavement rehabilitation, reseals, bridge repairs, storm damage restoration, general maintenance, vegetation control, landscaping, sign posting and pavement marking (traffic services), street lighting, street cleaning, minor safety projects, and footpath repairs.

The rationale for Council's involvement stems in part, from statutory requirements. The Local Government Acts 1974 and 2002 empower Council to construct, upgrade and repair all roads, which is done with the

help of Government funding. It also ensures common law rights of public access.

### Internal Borrowing

The Roads and Footpaths group of activities has internal borrowing as at 30 June 2020 of \$3,322,811. During the year no additional borrowing was taken, but repayments totalling \$417,096 were made. Interest on internal borrowings was paid of \$130,897.

### Capital Expenditure

	2020 AP Estimate \$ (000's)	2020 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	4,099	2,407
- Growth (Improving Service Capacity)	150	33
- Level of Service (Improvements to Service)	200	43

### Key Roads and Footpaths Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/17	2019/20 Target	Achieved/ Not Achieved	2019/20 Actual
			Current performance (2014/15 to 2015/16) 7-1=6	0	Not achieved	5

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/17	2019/20 Target	Achieved/ Not Achieved	2019/20 Actual
comfortable to travel on	keep our communities safe and also helps provide quality transport networks	The average quality of ride of sealed roads measured by smooth travel exposure (as a percent of travel distance above a NAASRA smoothness value of 150)	97.6%	97%	Not achieved	96%
		The percentage of the sealed local road network that is resurfaced	100%	6%	Not achieved	3.6%
		The extent of unsealed road metalling programme that is completed annually	100%	100%	Achieved	103%
		Percentage of the footpath network which meets or is above the condition rating standard 3 or better (minor cracking)	87%	90%	Not achieved	59.9%
		Percentage of service requests relating to roads and footpaths responded to within 10 working days	49%	90%	Not achieved	54.2%

### **Road Safety**

Of the reported road accidents there have been no fatalities on a local road.

### **Sealed Road Ride Quality**

An update from new road length data shows that we have regressed slightly. However, the new measurement has not been completed, and where new high speed data and laser crack measurements have been done, these have not been released as they have not been field validated due to the Covid-19 lockdown that delayed all work.

### **Sealed Road Resurfacing**

The current Annual Reseal Programme makes provision for approximately 10.48% of the road network for the 2019/20 financial year. However, Covid-19 forced the halt of the programme due to Alert Level 4 and the contractor will

complete these in the construction season for the current financial year 2020/21. Of the 526 km of sealed road network, 55.1 km should have been resealed.

### **Unsealed Road Metalling**

As the unsealed Road Metalling preferably occurs during the winter months the Alert Level 4 lockdown did not affect the contract. ODC was able to do more than the required programme during the financial year.

### **Service Request Response**

Although we have not achieved the 90% target, we have achieved better than the baseline of 49%. A better effort will be made to improve in this segment.



### Unsealed Road Metalling

ROAD	START RP	END RP	LENGTH km	QUANTITY m <sup>3</sup>
Atkinson Rd	0.016	0.594	0.578	104
Cannon Rd	3.214	3.987	0.773	118
Duncan Rd	0.035	3.035	3.000	825
Duncan Rd	3.035	6.285	3.250	528
Hone Rd	0.010	0.448	0.438	38
Loop Rd	0.017	3.502	3.485	807
Mangawhio Rd	0.020	4.151	4.131	861
Mangawhio Rd	4.151	8.733	4.582	764
Newman Rd	0.013	2.688	2.675	900
Newman Rd	2.688	3.688	1.000	310
Newman Rd	3.688	5.488	1.800	586
Ngaio Rd	0.020	0.527	0.507	45
Oturu Rd	0.833	4.363	3.530	548
Owaikura Rd	2.030	3.758	1.728	403
Scott Rd	0.015	0.888	0.873	182
Te Oro Street	0.010	0.298	0.288	40
Te Rauamoa Rd	0.003	5.220	5.217	715
Tolley Rd	0.020	5.020	5.000	945
Walker Rd	0.036	1.135	1.099	158
Wynyard Rd	0.040	0.314	0.274	35
Mangati Rd	4.960	8.733	3.813	812
<b>Totals</b>			<b>48.041km</b>	<b>9,725m<sup>3</sup></b>



**Roads and Footpaths – Cost of Service Statement**

2019 Actual \$		2020 LTP Estimate \$	2020 Actual \$
(000's)		(000's)	(000's)
	<b>OPERATING INCOME</b>		
5,398	Activity Revenue	5,122	4,518
4,992	Targeted Rates	4,959	4,776
61	Development Contributions	-	33
-	General Rates	-	-
984	Other General Sources	1,056	1,157
<b>11,435</b>	<b>TOTAL OPERATING INCOME</b>	<b>11,137</b>	<b>10,484</b>
	<b>OPERATING EXPENDITURE</b>		
8,053	Roading	7,940	9,405
898	Engineering Business Unit	1,016	1,083
<b>8,951</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>8,956</b>	<b>10,488</b>
<b>2,484</b>	<b>NET COST OF SERVICE</b>	<b>2,181</b>	<b>(4)</b>

**Roads and Footpaths Funding Impact Statement**

	2018/19 Long Term Plan \$	2019/20 Long Term Plan \$	2019/20 Actual \$
	(000's)	(000's)	(000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted Rates (other than a targeted rate for water supply)	4,998	4,959	4,776
Subsidies and grants for operating purposes	2,061	2,167	2,753
Fees and charges	-	-	-
Internal charges and overheads recovered	983	1,016	1,083
Local authorities fuel tax, fines, infringement fees and other receipts	91	93	72
<b>Total Operating Funding</b>	<b>8,133</b>	<b>8,235</b>	<b>8,684</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,493	3,606	4,073
Finance costs	138	123	131
Internal charges and overheads applied	1,439	1,485	1,657
Other operating funding applications	2	2	9
<b>Total application of operating funding</b>	<b>5,072</b>	<b>5,216</b>	<b>5,870</b>
<b>Surplus (deficit) of operating funding</b>	<b>3,061</b>	<b>3,019</b>	<b>2,814</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	3,042	2,861	1,694
Development and financial contributions	-	-	-
Increase (decrease) in debt	(417)	(417)	(417)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>2,625</b>	<b>2,444</b>	<b>1,277</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	153	33
- To improve the level of service	833	-	43
- To replace existing assets	5,042	4,583	2,407
Increase (decrease) in reserves	(189)	727	1,608
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>5,686</b>	<b>5,463</b>	<b>4,091</b>
<b>Surplus (deficit) of capital funding</b>	<b>(3,061)</b>	<b>(3,019)</b>	<b>(2,814)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>



## WATER SUPPLY

Council has historically provided potable water to the urban communities of Ōtorohanga and Kāwhia and to some rural areas to assist in facilitating economic development, and in recognition that such delivery of water is preferable to reliance on individual supply arrangements, particularly in the urban areas.

Having established such services Council is now limited in its ability to discontinue this activity, due to the provisions of the Local Government Act 2002.

### Internal Borrowing

The Water Supply group of activities has internal borrowing as at 30 June 2020 of \$892,818. During the year no additional borrowing was taken, and repayments totalling \$90,325 were made. Interest on internal borrowings was paid of \$34,410.

### Key Water Supply Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2019/20	Achieved/	2019/20
			2016/17	Target	Not achieved	Actual
The water provided is safe to drink	Providing continuous, efficient, quality water supply to communities ensures the health of consumers	Drinking water supplies comply with Part 4 of the drinking-water standards (bacteria compliance criteria)				
		As measured by bacterial water sample results				
		Ōtorohanga	Complies	Complies	Not achieved	Partial Compliance
		Kāwhia	Complies	Complies	Not achieved	Partial Compliance
		Drinking water supplies comply with Part 5 of the drinking-water standards (protozoal compliance criteria)				

### Capital Expenditure

	2020 AP Estimate \$	2020 Actual \$
	(000's)	(000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	698	284
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	10	10



Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2019/20	Achieved/	2019/20
			2016/17	Target	Not achieved	Actual
		Ōtorohanga	Doesn't Comply	Complies	Not achieved	Partial Compliance
		Kāwhia	Doesn't Comply	Complies	Not achieved	Partial Compliance
		Percentage of real water loss from the networked reticulation system				
		Ōtorohanga	Not measured	30%	Achieved	27%
		Kāwhia	Not measured	30%	Achieved	37%
		Median response time to:				
		Urgent call-outs	1hr 45mins	<3hr 55mins	Achieved	36mins
		Non-urgent call-outs	47hrs 44mins	<26hrs 20mins	Achieved	12hrs 48mins
		Median resolution times for				
		Urgent call-outs	Not measured	<18hrs	Achieved	30mins
		Non-urgent call-outs	Not measured	<31hrs	Achieved	30mins
The Council provides reliable drinking water supplies	Providing continuous, efficient, quality water supply to communities ensures the health of consumers	Number of complaints, per 1000 connections, relating to water clarity, water taste, water odour, water pressure or flow, continuity of supply and Council's responses to those issues	1 complaint	≤5 complaints	Not achieved	20 Complaints
		Average consumption of drinking water per day per resident within the Ōtorohanga District.	422.85L per person per day	390L per person per day	Achieved	377L per person per day



**\* Bacterial and Protozoa Compliance**

Drinking Water Standards NZ are broken into two areas – Treatment Plants and Reticulation Zones. Both Ōtorohanga and Kāwhia did meet Bacterial and Protozoa this year

Although Ōtorohanga and Kāwhia received non-compliance for the drinking standards it was due to technical non-compliance issues and not due to producing unsafe water.

Compliance with the “Duties of drinking water suppliers” under the Health Act 1956 was achieved for both Ōtorohanga and Kāwhia.

**Percentage of real water loss**

**Kāwhia** – there are limited individual read water meters in Kāwhia which makes it difficult to measure water loss. A minimum night flow calculation is used instead. This is done by taking an average of the water pumped into the reservoirs between 1 am and 3 am over 365 days (A small volume of water is subtracted for moderate night time use). This figure is then calculated against the total water treated for the year to arrive at a percentage of water loss from the network.

Installation of new reservoir outlet flow meters will give a more accurate reading in the future

**Ōtorohanga** – is comparatively more simple as the measure is simply based off the production coming through the bulk meter at the Ōtorohanga Water

Treatment Plant, compared to usage data from the reading of the individual water meters on each domestic property within the town.

**Water consumption per person**

**Ōtorohanga** is calculated by dividing the total of the water produced through the Ōtorohanga Treatment Plant by the number of domestic water meters (Does not include Waipa Rural Water Scheme or Commercial and business water meters)

**Kāwhia** – This is calculated by dividing the total of water produced through the Kāwhia water treatment plant by the number of residents. (No allowance has been made for seasonal changes in population)

**Response times to call-outs**

Overall urgent call-outs were responded to with a median time 36 minutes. This was within the target of 3 hours 55 minutes. For non-urgent call-outs, the median response time was 12 hours 40 minutes, which is less than the target of 26 hours 20 minutes.

**Resolution times for call-outs**

In total 343 water related incidents within Ōtorohanga and Kāwhia were recorded in the service request system. All of these incidents were attended to within the targeted times.

**Water Supply Cost of Service Statement**

2019 Actual \$		2020 LTP Estimate \$	2020 Actual \$
(000's)		(000's)	(000's)
	<b>OPERATING INCOME</b>		
25	Activity Revenue	21	29
1,498	Targeted Rates	1,743	1,640
-	Development Contributions	-	15
42	General Rates	31	44
441	Other General Sources	440	465
<b>2,006</b>	<b>TOTAL OPERATING INCOME</b>	<b>2,235</b>	<b>2,193</b>
	<b>OPERATING EXPENDITURE</b>		
272	Arohena RWS	276	283
63	Ranginui RWS	76	79
218	Tihiroa RWS	281	205
100	Waipa RWS	100	104
445	Ōtorohanga Water Supply	443	475
432	Ōtorohanga Water Treatment Station	465	461
23	Ōtorohanga Water Supply Loan	25	24
207	Kāwhia Water Supply	242	209
468	Water Services	469	501
<b>2,228</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>2,377</b>	<b>2,341</b>
<b>(222)</b>	<b>NET COST OF SERVICE</b>	<b>(142)</b>	<b>(149)</b>



**Water Supply Funding Impact Statement**

	2018/19 Long Term Plan \$ (000's)	2019/20 Long Term Plan \$ (000's)	2019/20 Actual \$ (000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	39	31	44
Targeted rates (other than a targeted rate for water supply)	1,534	1,743	1,640
Subsidies and grants for operating purposes	-	-	-
Fees and charges	16	16	18
Internal charges and overheads recovered	878	945	956
Local authorities fuel tax, fines, infringement fees and other receipts	5	5	11
<b>Total operating funding</b>	<b>2,472</b>	<b>2,740</b>	<b>2,669</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	831	850	979
Finance costs	38	44	34
Internal charges and overheads applied	1,248	1,349	1,356
Other operating funding applications	34	35	55
<b>Total application of operating funding</b>	<b>2,151</b>	<b>2,278</b>	<b>2,424</b>
<b>Surplus (deficit) of operating funding</b>	<b>321</b>	<b>462</b>	<b>245</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	257	43	(90)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>257</b>	<b>43</b>	<b>(90)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	145	10	10
- To replace existing assets	690	459	284
Increase (decrease) in reserves	(257)	36	(139)
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>578</b>	<b>505</b>	<b>155</b>
<b>Surplus (deficit) of capital funding</b>	<b>(321)</b>	<b>(462)</b>	<b>(245)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## SEWERAGE TREATMENT AND DISPOSAL

This activity (encompassing collection, reticulation and treatment of sewerage) is undertaken in the Ōtorohanga Community to prevent nuisance and health risks, and to meet the expectations of residents of larger communities.

Whilst there is no legal obligation on Council to maintain this activity it is strongly believed that such a service makes a significant contribution to community wellbeing, and that it should therefore be continued.

### Internal Borrowing

The Sewerage Treatment and Disposal group of activities has internal borrowing as at 30 June 2020 of \$1,384,759. During the year no additional borrowing was taken, and repayments totalling \$124,887 were made. Interest on internal borrowings was paid of \$52,838.

### Capital Expenditure

	2020 AP Estimate \$ (000's)	2020 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	589	211
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	-	-

### Key Sewerage Treatment and Disposal Levels of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/17	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
The Council provides wastewater services that effectively collect and dispose of wastewater	Ensure that the needs of local and visitor communities are met. Contributes to the public health of the community	Number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections	0 overflows	0 overflows	Not achieved	3 overflows
Wastewater disposal as provided by the Council does not create any smells, spills or health issues and	Ensures that the natural and physical environment is	Compliance with the resource consents for discharge from the sewerage system measured by the number of:  Abatement notices	0 compliance issues	0 compliance issues	Achieved	0 compliance issues

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/17	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
			causes minimal impact on the natural environment	not seriously affected by wastewater services.	<p>Infringements notices; Enforcement orders; and Convictions, received by the territorial authority in relation to those resource consents</p> <p>Median response times for attending to sewerage overflows resulting from a blockage or other fault in the sewerage system; measured</p> <p>Attendance time: from the time of notification to the time service personnel reach the site</p> <p>Resolution time: from the time of notification to the time service personnel confirm resolution of the blockage or fault</p> <p>Total number of complaints received by the territorial authority about any of the following:</p> <p>Sewage odour;</p> <p>Sewerage system faults;</p> <p>Sewerage system blockages; and</p> <p>Response to issues with the sewerage system, expressed per 1000 connections to the sewerage system</p>	
			14hrs 30 mins	<0hrs 50 mins	Not achieved	54mins
			15hrs 30mins	<32hrs 0mins	Achieved	1hr 24mins
			1 incident	<12	Achieved	4
			4 incidents	<5	Achieved	3
			6 incidents	<12	Achieved	9
			5.2 incidents	<10	Not achieved	13



### Sewerage Overflows

Two of the overflows related to blocked sewer mains these did not discharge direct to waterways and were overland overflows. The other two related to damage to sewer pipes, one was as a result of the ultrafast broadband installation where a sewer main was drilled through, the second related to a broken pipe at the waste water treatment plant. Both of these incidents were reported to regional council as there was direct discharge to waterways.

### Sewerage Complaints

A relatively small amount of complaints relating to the sewage network, mostly centred around blockages and odours.

### Sewerage Treatment and Disposal Cost of Service Statement

2019 Actual \$ (000's)		2020 LTP Estimate \$ (000's)	2020 Actual \$ (000's)
	<b>OPERATING INCOME</b>		
51	Activity Revenue	63	76
475	Targeted Rates	531	537
-	Development Contributions	-	24
28	General Rates	25	30
2	Other General Sources	-	-
<b>556</b>	<b>TOTAL OPERATING INCOME</b>	<b>619</b>	<b>667</b>
	<b>OPERATING EXPENDITURE</b>		
801	Ōtorohanga Sewerage	564	680
51	Ōtorohanga Sewerage Loan	56	55
<b>852</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>620</b>	<b>735</b>
<b>(296)</b>	<b>NET COST OF SERVICE</b>	<b>(1)</b>	<b>(68)</b>



**Sewerage Treatment and Disposal Funding Impact Statement**

	2018/19 Long Term Plan \$	2019/20 Long Term Plan \$	2019/20 Actual \$
	(000's)	(000's)	(000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	22	25	30
Targeted rates (other than a targeted rate for water supply)	477	531	537
Subsidies and grants for operating purposes	-	-	-
Fees and charges	61	62	76
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1	1	-
<b>Total operating funding</b>	<b>561</b>	<b>619</b>	<b>643</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	362	142	229
Finance costs	52	54	53
Internal charges and overheads applied	153	161	185
Other operating funding applications	22	22	24
<b>Total application of operating funding</b>	<b>589</b>	<b>379</b>	<b>491</b>
<b>Surplus (deficit) of operating funding</b>	<b>(28)</b>	<b>240</b>	<b>152</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	103	28	(125)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>103</b>	<b>28</b>	<b>(125)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	76	267	211
Increase (decrease) in reserves	(1)	1	(184)
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>75</b>	<b>268</b>	<b>27</b>
<b>Surplus (deficit) of capital funding</b>	<b>28</b>	<b>(240)</b>	<b>(152)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>



## FLOOD PROTECTION AND CONTROL WORKS

A system of flood control works to protect the Ōtorohanga community was constructed after a devastating flood in 1958, and Council is committed to working with the Waikato Regional Council to continue to operate and maintain these works.

### Internal Borrowing

The Flood Protection and Control Works group of activities has internal borrowing as at 30 June 2020 of \$157,195. During the year no additional borrowing was taken, and repayments totalling \$13,897 were made. Interest on internal borrowings was paid of \$5,988.

### Capital Expenditure

	2020 AP Estimate \$ (000's)	2020 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	61	63
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	-	-

### Key Flood Protection and Control Works Levels of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/17	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
Retention of assets in substantially the same form as when they were initially constructed	Effective maintenance of flood protection systems will ensure that communities are safe and healthy and ensure that efficient and effective water services are provided, to meet both current and future demands.	Quantitative assessment of condition and serviceability of flood protection assets based on an annual inspection conducted by Council staff and elected members, as well as monthly maintenance checks by water services staff	67% against quantifiable criteria	80% against quantifiable standardised assessment criteria as set by Regional Council	Achieved	Achieved



**Flood Protection and Control Works Cost of Service Statement**

2019 Actual \$		2020 LTP Estimate \$	2020 Actual \$
(000's)		(000's)	(000's)
	<b>OPERATING INCOME</b>		
114	Activity Revenue	139	108
24	Targeted Rates	24	22
-	Development Contributions	-	-
6	General Rates	5	6
9	Other General Sources	8	11
<b>153</b>	<b>TOTAL OPERATING INCOME</b>	<b>176</b>	<b>147</b>
	<b>OPERATING EXPENDITURE</b>		
4	Drainage Legalisation	4	5
60	Ōtorohanga Flood Protection	139	151
24	Aotea Erosion Maintenance	16	14
2	Aotea Erosion Loan	2	2
<b>90</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>161</b>	<b>172</b>
<b>63</b>	<b>NET COST OF SERVICE</b>	<b>15</b>	<b>(25)</b>



**Flood Protection and Control Works Funding Impact Statement**

	2018/19 Long Term Plan \$ (000's)	2019/20 Long Term Plan \$ (000's)	2019/20 Actual \$ (000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	10	5	6
Targeted rates (other than a targeted rate for water supply)	24	24	22
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	149	139	108
<b>Total operating funding</b>	<b>183</b>	<b>168</b>	<b>136</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	93	74	73
Finance costs	6	6	6
Internal charges and overheads applied	36	39	55
Other operating funding applications	-	-	1
<b>Total application of operating funding</b>	<b>135</b>	<b>119</b>	<b>135</b>
<b>Surplus (deficit) of operating funding</b>	<b>48</b>	<b>49</b>	<b>1</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(14)	(14)	(14)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>(14)</b>	<b>(14)</b>	<b>(14)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	83	74	63
Increase (decrease) in reserves	(49)	(39)	(76)
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>34</b>	<b>35</b>	<b>(13)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(48)</b>	<b>(49)</b>	<b>(1)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>



## STORMWATER DRAINAGE

Council is required to administer urban drainage maintenance under the Land Drainage Act 1908, and considers that this activity also makes a positive contribution towards the potential for beneficial development in the urban areas. The provision of urban drainage protects private property (including land and assets) from flooding and subsequent erosion, and enables Council to fulfil its statutory responsibilities under the Building Act 1991.

Environment Waikato has largely relieved Council of their responsibility for managing rural land drainage schemes.

### Internal Borrowing

The Stormwater Drainage group of activities has internal borrowing as at 30 June 2020 of \$581,450. During the year no additional borrowing was taken, and repayments totalling \$55,098 were made. Interest on internal borrowings was paid of \$22,279.

### Capital Expenditure

	2020 AP Estimate \$ (000's)	2020 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	6	-
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	-	17

### Key Stormwater Drainage Levels of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/17	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
			0 flooding events	0 flooding events	Achieved	0 flooding events
		0 habitable floors	0 habitable floors	Achieved	0 habitable floors	

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/17	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
		Compliance with resource consents for discharge from the Stormwater systems, measured by the number of:				
		Abatement notices; and	0	0	Achieved	0
		Infringement notices; and	0	0	Achieved	0
		Enforcement notices; and	0	0	Achieved	0
		Successful prosecutions, received in relation to the resource consents	0	0	Achieved	0
		The median response time to attend a flooding event, measured from the time we receive notification to the time service personnel reach the site	No flooding events	<4hr 30 mins	Achieved	No flooding events
		Number of complaints received about the performance of the Stormwater system, expressed per 1000 properties connected to the Stormwater system	4.3 complaints	2 complaints	Not Achieved	3 complaints

**Number of Flooding events**

There were no significant flooding events recorded.



**Stormwater Drainage Cost of Service Statement**

2019 Actual \$		2020 LTP Estimate \$	2020 Actual \$
(000's)		(000's)	(000's)
	<b>OPERATING INCOME</b>		
10	Activity Revenue	10	(4)
-	- Targeted Rates	-	-
-	- Development Contributions	-	-
207	General Rates	181	214
-	- Other General Sources	-	-
<b>217</b>	<b>TOTAL OPERATING INCOME</b>	<b>191</b>	<b>210</b>
	<b>OPERATING EXPENDITURE</b>		
180	Ōtorohanga Stormwater	152	167
37	Kāwhia Stormwater	39	43
<b>217</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>191</b>	<b>210</b>
-	<b>NET COST OF SERVICE</b>	-	-

**Stormwater Drainage Funding Impact Statement**

	2018/19 Long Term Plan \$	2019/20 Long Term Plan \$	2019/20 Actual \$
	(000's)	(000's)	(000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	181	181	214
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	10	10	(4)
<b>Total operating funding</b>	<b>191</b>	<b>191</b>	<b>210</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	16	17	36
Finance costs	24	21	22
Internal charges and overheads applied	36	37	36
Other operating funding applications	17	18	21
<b>Total application of operating funding</b>	<b>93</b>	<b>93</b>	<b>115</b>
<b>Surplus (deficit) of operating funding</b>	<b>98</b>	<b>98</b>	<b>95</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(55)	(55)	(55)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>(55)</b>	<b>(55)</b>	<b>(55)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	17
- To replace existing assets	9	6	-
Increase (decrease) in reserves	34	37	23
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>43</b>	<b>43</b>	<b>40</b>
<b>Surplus (deficit) of capital funding</b>	<b>(98)</b>	<b>(98)</b>	<b>(95)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## COMMUNITY SERVICES

### Internal Borrowing

The Community Services group of activities has internal borrowing as at 30 June 2020 of \$696,668. During the year no additional borrowing was taken, and repayments totalling \$82,941 were made. Interest on internal borrowings was paid of \$27,288.

### Capital Expenditure

	2020 AP Estimate \$ (000's)	2020 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	363	191
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	104	28

### **Parks and Reserves (including Public Conveniences)**

Council's involvement in parks, reserves and associated activities is, in part, based upon provisions of the Reserves Act 1977 and the Resource

Management Act 1991 and is also intended to improve the general quality of life for the residents in the District. In particular, the parks and reserves provide facilities for passive or active enjoyment by residents and visitors alike.

### Key Parks, and Reserves (including Public Conveniences) Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
Providing Council parks and reserves that enhance our communities quality of life	Parks and reserves provide for a number of things – a sense of place, active recreation spaces and opportunities for communities to interact – all contributing to our community outcomes	Paths and tracks comply with relevant standards*	50%	50% compliance	Achieved	87%
		Playground equipment comply with relevant standards**	25%	40% compliance	Achieved	95%
		Park furniture meets safety and maintenance criteria	70%	70% meet safety criteria	Achieved	80%
Public toilets as provided by Council are maintained in good condition	Having safe toilets helps achieve safe and healthy communities	Number of complaints received about public conveniences recorded in the service request system	2 complaints	<12 complaints	Not achieved	13

\* New Zealand Standard NZS 8630 sets out legislation and best practice for outdoor tracks and structures

\*\* New Zealand Standards NZS 5828 sets out legislation and best practice for playground equipment and surfacing

## Library

In providing open and inclusive public spaces, public libraries play a key role in levelling social, economic, cultural and educational inequities.

Public libraries are welcoming community spaces with books, audio-visual and digital resources for information, recreation and self-education.

Our qualified and experienced librarians deliver extensive services and a range of public programmes.

Our core roles are:

### (a) Valuing a Reading Culture

Literacy is the core skill required to participate in modern life. It empowers people, is crucial for personal educational success and economic well-being, and it builds more capable and productive communities.

A public library's unique role is to cultivate a love of reading and learning as widely as possible throughout the community.

### (b) Fostering Community Connectedness

Connectedness is the feeling of being welcome, included, respected and able to easily contribute. Connected communities are more cohesive, stable and high-functioning, more resilient and better able to develop and participate in enterprise and growth opportunities.

Public libraries are perfectly placed to provide this role for the community. They are a welcoming public space open to all, and in general safe and trusted. They provide a place for people to connect with each other and with a world of information and ideas.

### (c) Safeguarding Cultural Memory

The public library has a unique role to collect, preserve and provide access to the cultural memories of the local community.

The public library enables people now, and into the future, to connect or reconnect to their families' and community's stories.

## Key Library Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2019/20	Achieved/ Not achieved	2019/20
			2016/2017	Target		Actual
Relevance of library services to the community is measured by: <ul style="list-style-type: none"> <li>• Material issued</li> <li>• Physical items</li> <li>• E-books</li> <li>• Digital materials</li> <li>• Physical visits</li> <li>• Website visits</li> <li>• Computer sessions</li> </ul>	Healthy, cohesive, and informed communities have access to a wide range of current library materials, in a variety of formats.  People in the community have access to public spaces offering programmes and activities which contribute to local identity, lifelong learning and recreation	Statistical data is maintained to record material issued	38,201 physical items  705 e-books	2% increase in materials issued per year (print and e-issues)	Not achieved for physical items  Achieved for e-items	32,193 physical items  1,557 e-items
		Library visits per capita per year	4.18 visits	2% increase in visitor numbers per year	Not achieved	2.6 visits



Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2019/20	Achieved/ Not achieved	2019/20
			2016/2017	Target		Actual
Library Programmes and Activities		Numbers participating in library programmes and activities for the year	New measure	2% increase in numbers participating in library programmes and activities for the year	Achieved	550 participants
Currency of physical book stock is maintained		Book stock has an average publication date of 10 years or less	89%	>75% have publication date less than 10 years	Achieved	82%

#### **Number of Books Issued**

A total of 33,750 physical and e-materials were issued at Ōtorohanga and Kāwhia libraries between 1 July 2019 and 30 June 2020. This is a 14% decrease on the 2018/19 year when 39,187 items were issued.

Owing to the Covid-19 pandemic, the Ōtorohanga and Kāwhia libraries were closed to the public between 23 March and 17 May 2020. No physical materials were issued to borrowers during this time, which can explain a 17% decrease in issues of print materials for the year.

On the other hand, there was a surge in the uptake of e-books and e-audiobooks during the period the library was closed, which accounts for an overall increase of 58% in issues of e-materials for the year.

#### **Library Programmes and activities**

Between 1 July 2019 and 30 June 2020, a total 550 participants (adults and children) attended library programmes and activities.

#### **Visits per Capita per Year**

During the 2019/20 year, there were 26,039 visits to the Ōtorohanga Library. Visits to the Kāwhia Library are not recorded. The Ōtorohanga Library's visitor figure equates to 2.6 visits per capita per year, over the entire District's population.

Owing to the Covid-19 pandemic, the Ōtorohanga and Kāwhia libraries were required to close to the public between 23 March and 17 May 2020. The fact that no-one could enter our buildings for a 10-week period explains the overall drop in recorded visitor numbers for the year.

#### **Current Book Stock**

As at 30 June 2020, 82% of the Ōtorohanga Library book stock had been published since 2010.

Note: This measure has not been applied to the Kāwhia Library book stock – the Kāwhia Library holdings consist primarily of donated materials, most of which are not of recent publication



### Housing for the Elderly

Housing for the elderly is owned and managed to meet community expectations, fulfil social obligations and ensure that there is a good standard of affordable rental accommodation available to elderly residents.

#### Key Housing for the Elderly Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
			2016/2017			
Provide Housing for the Elderly that is fully utilised	This service ensures Ōtorohanga District has housing that satisfies the needs of the community and is seen to be an ideal place for retirement	Percentage of the year units are occupied	Ōtorohanga 98.95%	>95% occupied	Achieved	98.86%
			Kāwhia 96.47%		Not achieved	88.8%
Good standards of maintenance and accommodation are maintained by Council		Maintenance items identified during quarterly inspections remedied to residents satisfaction, as measured by annual survey	100% satisfaction	>95% satisfaction	Achieved	100% satisfaction

#### **Occupancy Rates**

During the year, units in Ōtorohanga were unoccupied for an approximate total of 13 weeks, while units in Kāwhia were unoccupied for a total of 35 weeks. The long period of unoccupied units in Kāwhia related to a person who left, but all their belongings were in the flat, and there were delays in the family coming to remove those belongings, which caused a delay in cleaning and reletting the unit.

#### **Maintenance**

With quarterly inspections being carried out, Council staff are keeping on top of any maintenance items required. Any issues raised by tenants are dealt with in a timely manner.

### Other Property

Council owns various types of property, which are managed in the best interests of the residents and ratepayers of the District. These properties are classified as commercial or community investments.

#### Key Other Property Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
			2016/2017			
Ensure that all buildings and structures are maintained in a sound, sanitary and safe condition	Having buildings that are maintained in a sound, sanitary and safe condition – ensures our communities are safe	Building maintenance is regularly assessed and carried out	Urgent maintenance carried out within 5 working days	Urgent maintenance carried out within 5 working days	Achieved	Within 24 hours
Ensure that all buildings with a Compliance Schedule meet the requirements of the Building Act		All applicable buildings have a current Building Warrant of Fitness (BWOFF)	4 of 4 applicable buildings have current BWOFF*	Current BWOFF in place	Achieved	4 out of 4 current BWOFF

\* Buildings are Ōtorohanga Council Building, Swimming Pools, Kāwhia Community Hall and Ōtorohanga Public Library.

Of the council buildings which require a compliance schedule under the Building Act 2004 and Fire Safety and Evacuation of Buildings Regulations 2006 all 4 are up-to-date with their building warrants of fitness.

## Swimming Pool

Council carries out this activity to meet the expectations of the Community. There is no legal obligation to do so. Council contracts the operation of the swimming pool out to CLM, an experienced leisure facility operator.

### Key Swimming Pool Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
			Provision of a clean, safe, public swimming pool that can be accessed by the District	Ensuring that the public's access to a safe public swimming facility helps create safe communities and a range of recreational facilities	The water quality of the pools meets acceptable standards* for the safety and health of users	100% of acceptable standards each month for indoor pool.  93% of acceptable standards each month for outdoor pool.

\* Acceptable standards as defined in the contract including NZS 5826

The pool facility is considered to provide a sound level of service for a community of this size. The contractor is required to meet standards of supervision recommended in NZRA Aquatic Facility Guidelines 2007, and to test pool water quality in accordance with NZS 5826: 2000. Pool Management is also to comply with Water Safety NZ / ACC Poolsafe Quality Management Scheme.

### **Water Quality Tests**

From the testing completed by the pool contractor, the indoor and outdoor pools fully complied with the requirements of NZS 5826. It has also met all requirements of the Aquatic Facilities Quality Management Scheme (AFQMS) each month.

### Cemeteries

The Activity is undertaken to comply with legislation under Section 4 of the Burial and Cremations Act 1964, and to meet the expectations of the Community.

#### Key Cemeteries Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
The Cemeteries are well maintained and developed for future use	Well maintained and conveniently located cemeteries will be provided and planned for ahead of growth and development, ensuring these needs are met in the future	Number of complaints received regarding maintenance of the cemeteries	4 complaints received	Less than 10 complaints	Achieved	2 complaints
Information about cemeteries and internments are readily available	Providing information about internments at the cemeteries provides a link to the history of the District	Number of page views of cemetery information on Council website	2,420 page views to 16 March 2017	>4,000 page views	Not achieved	3,485 page views

#### **Number of Complaints**

2 complaints for the Ōtorohanga cemetery were received during the year, all related to issues around the upkeep of the cemetery.

#### **Website Page Views**

A total of 3,485 page views were received for cemetery information pages on [www.otodc.govt.nz](http://www.otodc.govt.nz), up until 30 June 2020.

### Solid Waste

There is a community expectation that household waste is removed from properties and managed in an environmentally sound manner.

Council has no legal requirement to carry out this activity but believes that it will better protect the environment by providing cost effective and efficient methods of refuse disposal and recycling. It is also generally expected by the community that the Council will provide this service.

Following a public consultation process, Council adopted the Waste Management and Minimisation Plan 2018-2024 on 24 July 2018, which sets out Council's proposals for achieving effective and efficient waste diversion throughout the District. Council receives Waste Minimisation funding by way of a Waste Disposal Levy from the Ministry for the Environment. Council is required to report on this spending to them and to spend this levy as it has proposed in the plan.

#### Key Solid Waste Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/17	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
Refuse and recycling collection services are provided and recycling actively promoted	Councils planning for the future of the District will consider growth and development in its waste management strategies, and will involve recycling as a key aspect for communities – engraining the importance of the character and natural values of our District	Increase in recycling volumes over previous year	13.35% decrease	1% increase	Achieved	8.39% increase
		Complaints received from people whose rubbish was not collected during kerbside collection as recorded in the service request system	3 complaints	<10 complaints	Achieved	4 complaints
The closed landfills the Council is responsible for meet environmental compliance		Extent of compliance with associated Resource Consent conditions for the closed landfills in Ōtorohanga and Kāwhia	Full Compliance	Full Compliance	Not achieved	Partial Compliance
Provide a roadside litter collection service throughout the rural area	This service ensures that Ōtorohanga's clean green image is maintained and the rural environment is not a dumping ground	Number of complaints received regarding roadside litter	5 complaints	<12 complaints	Achieved	11 complaints

***Recycling Volumes***

Overall there was an increase in recycling volumes over the previous year of 8.39%. This can be attributed to good education and global trends focused at looking after our environment.

***Number of Complaints***

A total of 4 complaints have been recorded as being received related to kerbside collection. These related to missed pickups. The contractor returned to pick up the refuse/recycling after being informed.

***Landfill Resource Consents***

The sampling contractor, Food and Health Environmental, has completed the sampling and testing at both closed landfills for 2019/20 and all reports have been forwarded to Waikato Regional Council with Council's report as required.

The partial compliance relates to issues with the monitoring and reporting processes in place. Council is in the process of getting an external provider to undertake those processes going forward.

**District Sports Co-ordinator**

Council's role in this scheme satisfies part of its Mission Statement by recognising the social need to promote physical activity. Through the

District Sports Co-ordinator scheme, Council delivers a range of leisure programmes and events which increase participation in leisure activities.

Key District Sports Co-ordinator Scheme Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
Delivery of sport and leisure activities as per agreement between Sport Waikato and Ōtorohanga District Council	The Council supports the development of communities by providing funding to agencies where it sees that such funding will positively support and make our communities more healthy and active	100% compliance with agreement monitored through quarterly reports to Council	Not applicable	100% Compliance	Not applicable	Not applicable

Council no longer funds a Sports Co-ordinator, but instead has an agreement with Sport Waikato to deliver a range of sport and active recreation outcomes for our district. Sport Waikato met their obligations under this agreement through the 2019/20 financial year.





**Community Services Cost of Service Statement**

2019 Actual \$		2020 LTP Estimate \$	2020 Actual \$
(000's)		(000's)	(000's)
	<b>OPERATING REVENUE</b>		
450	Activity Revenue	492	418
349	Targeted Rates	372	380
26	Development Contributions	10	60
1,852	General Rates	2,011	1,901
8	Other General Sources	3	10
<b>2,685</b>	<b>TOTAL OPERATING REVENUE</b>	<b>2,888</b>	<b>2,769</b>
	<b>OPERATING EXPENDITURE</b>		
662	Parks and Reserves	807	691
141	Public Conveniences	142	147
351	Library	361	376
361	Swimming Pools	380	375
171	Pensioner Housing	200	163
66	Halls	74	68
49	Harbour Services	56	52
94	Cemeteries	95	99
176	Other Council Property	208	161
399	Solid Waste Management	437	406
98	Security Patrol	100	98
70	Sport Waikato	53	57
<b>2,638</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>2,913</b>	<b>2,693</b>
<b>47</b>	<b>NET COST OF SERVICE</b>	<b>(25)</b>	<b>76</b>



**Community Services Funding Impact Statement**

	2018/19 Long Term Plan \$ (000's)	2019/20 Long Term Plan \$ (000's)	2019/20 Actual \$ (000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,923	2,011	1,901
Targeted rates (other than a targeted rate for water supply)	350	372	380
Subsidies and grants for operating purposes	32	33	37
Fees and charges	102	104	75
Internal charges and overheads recovered	-	-	4
Local authorities fuel tax, fines, infringement fees and other receipts	348	355	307
<b>Total operating funding</b>	<b>2,755</b>	<b>2,875</b>	<b>2,704</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,630	1,660	1,550
Finance costs	29	26	27
Internal charges and overheads applied	541	595	555
Other operating funding applications	138	140	168
<b>Total application of operating funding</b>	<b>2,338</b>	<b>2,421</b>	<b>2,300</b>
<b>Surplus (deficit) of operating funding</b>	<b>417</b>	<b>454</b>	<b>404</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	10	10	60
Increase (decrease) in debt	(83)	(83)	(83)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>(73)</b>	<b>(73)</b>	<b>(23)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	81	37	28
- To replace existing assets	224	210	191
Increase (decrease) in reserves	39	134	162
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>344</b>	<b>381</b>	<b>381</b>
<b>Surplus (deficit) of capital funding</b>	<b>(417)</b>	<b>(454)</b>	<b>(404)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## REGULATORY SERVICES

### Internal Borrowing

The Regulatory Services group of activities has no internal borrowing as at 30 June 2020. Subsequently, no interest was paid during the year.

### Capital Expenditure

	2020 AP Estimate \$ (000's)	2020 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	-	-
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	2	9

### **Building Control**

The rationale for this activity is to safeguard people and property by monitoring, inspecting and controlling all building construction and modifications in accordance with the Building Act 2004.

### Key Building Control Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20Actual
The Council processes, inspects and certifies work in Ōtorohanga District	The Council remains a Building Consent Authority to help ensure buildings are safe	Ōtorohanga District Council maintains its processes so that it meets BCA accreditation every two years	Accreditation rating valid until September 2017	Maintain accreditation	Achieved	IANZ Audit – 20-22 August 2019.  Accreditation confirmed 19 December 2019.
	The Fencing of Swimming Pools Act is enforced	Annual recorded pool inspections of the properties listed on the Swimming Pool Register	2% of registered pools inspected	>33% of pools on register	Achieved	88% of pools inspected

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20Actual
			Building consent applications are processed within 20 working days as required by Sec 48 of the Building Act 2004	Council certifies all consented building work complies with the Building Code – ensuring our communities are safe	Percentage of consents processed within 20 working days	100%

**Accreditation**

An audit and review of Councils building consent process was undertaken in September 2019. International Accreditation New Zealand signed off the audit in December 2019. This assessment of the BCA functions covers all aspects of plan review and building inspections. The next audit will occur in August 2020.

**Swimming Pool Inspections**

A total of 228 pools are currently listed on the swimming pool register. There have been 202 inspections of pool fences completed this year. Approximately 80% of the pools on the register were inspected as some visits were follow up checks on earlier failed inspections. In October 2019

contractors were engaged to inspect all pools in the District This project was undertaken to fulfil Councils obligations under section 162D Building Act 2004, which states that “residential pools ... are inspected at least once every 3 years”. This program of inspections including follow up visits will continue into the next year.

**Building Consent Applications**

During the year Council issued 228 building consents. This total is a decrease of 40 consents compared to the previous year. In total 194 consent applications were completed within 20 working days.

**Planning and Development**

This activity exists as a result of the statutory requirements of the Resource Management Act 1991. Under this Act Council is required to promote the

sustainable management of natural and physical resources and to enable people and communities to provide for their social, economic, and cultural well-being.

***Key Planning and Development Level of Service Targets and Performance***

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
All resource consent decisions will be notified within the time limits of Sec 115 of the Resource Management Act 1991	Efficiently processing resource consent applications enables the Council to regulate land-use activities consistently with its District Plan (Land use regulations), demonstrating that the Council values the natural environment	The time to process non-notified land use and subdivision consents will be no more than 20 working days	93% processed within 20 working days	100%	Not achieved	81% processed within 20 working days
Good advice will be delivered to help people understand the District Plan rules	Good advice from the Council, in accordance with the District Plan, will contribute to ensuring that growth and development is managed appropriately and that the natural environment of the District is treated respectively	Current and consistent information available to the public	All information is up to date	Updated information available on Council website	Achieved	Achieved

***Non-notified Consents***

A total of 69 non-notified consents and one notified consent were issued during the year. The processing time for fourteen consents exceeded 20 working days. Detailed information on resource consents and planning policy is provided annually to the Ministry for the Environment.

available over the counter or can be mailed out upon request. The information and forms in these packs are reviewed on a regular basis or when there is a change of legislation or policy.

***Information Available***

The District Plan and planning maps can be viewed and downloaded from Council’s website. Application forms and other planning information are also available online. Viewers are directed to the Quality Planning Website for more detailed and technical advice on the Resource Management Act 1991. Application packs for land use and subdivision application are

Information on notified applications was regularly updated on the Council website. This includes technical reports and final decisions at the conclusion of the hearing process.

## Civil Defence

The rationale for this activity is to fulfil Council's legal obligation under the Civil Defence Emergency Management Act 2002 and to fulfil the Community's expectation that this service will be provided.

### Key Civil Defence Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
			People are prepared for a civil defence emergency	This service means the Council has a direct role in ensuring communities are prepared for emergencies	Formal training exercises are conducted each year	1 exercise conducted
		The Civil Defence action team comprising key staff will meet at least once between formal exercises to ensure preparedness and training schedules are maintained.	One meeting undertaken	Once between exercises	Achieved	Quarterly meeting of the WWEOA managers

Waipa, Waitomo and Ōtorohanga are members of a shared service arrangement called the Western Waikato Emergency Operating Area (WWEOA). The member councils have signed a service level agreement and jointly fund two Emergency Management Officers that are based at Waipa District Council in Te Awamutu, but have office space in both Te Kuiti and Ōtorohanga. Senior managers and key CDEM staff from all three councils meet regularly to coordinate emergency management issues and the implementation of the Waikato Civil Defence Plan.

A foundation training workshop was held on 23 October 2019 for new staff. This was attended by staff from all three Councils. On 23 March 2020 the Western Waikato Emergency Operating Centre at Te Awamutu was activated in response to the COVID-19 national emergency and lockdown. This centre which was run by staff from all the Councils was to remain in operation for 50 days. It provided coordination and support to welfare services in all three Districts.



## Dog Control

The rationale for this activity is to service the Community's expectation for health, order and safety and to meet the Council's statutory obligations under the Dog Control Act 1996.

### Key Dog Control Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20Actual
Dogs roaming outside property boundaries and on public reserves will be impounded. The dog control officer responds to public complaints about roaming dogs and uplifts and impounds dogs found wandering the streets. Regular patrols are carried out in urban areas	Through this service, the public feel safe from roaming dogs	Percentage of registered dogs impounded	4.4%	<5%	Achieved	3.9%
		Complaints about roaming dogs that are responded to	100%	100%	Achieved	100%

### ***Dog registrations and Impounding***

At 30 June 2020 there were 2,275 dogs registered in the Ōtorohanga District. This was a decrease of 277 from the number of registration in the previous year. During the year 89 dogs, many of which were not registered, were impounded.

The current contract for provision of animal and dog control services has now been running for four years. The contractor, Ōtorohanga District

Animal Control Services has developed a strong understanding of the District and has been very effective in this role and the discharge of his duties. There have been continued improvements to the Pound in Otewa Road and further initiatives are being employed to promote education, compliance among dog owners and maintain a high level of public safety for the residents of our District.

### Stock Ranging and Impounding

The law relating to the establishment and management of public pounds, trespassing and wandering stock, and the impounding of stock provided under the provisions of the Impounding Act 1955.

#### Key Stock Ranging and Impounding Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20Actual
			100%	100%	Achieved	100%
Wandering animals are removed from roadways, public places and private property.	Public safety is enhanced because wandering animals are removed from roads and public places.	Calls about stock wandering on roads are actioned immediately. Response time depends on location of stock and travelling times				

#### **Stock on Roads and Highways**

The Animal Control Officer is contracted to respond to callouts and complaints about stock on Council controlled roads and State Highways

within the Ōtorohanga District during working/daylight hours. After hours response to stock on roads is provided by Councils Roding contractor. Inframax.



**Environmental Health**

The rationale for this group of activities is to fulfil Council's duty to provide Environmental Health services to meet the requirements of the Health Act

1956, the Local Government Act 2002 and the Resource Management Act 1991.

Key Environmental Health Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
Any cases of communicable disease identified are investigated	The cause of communicable disease is identified and further transmission of the infection is avoided	All communicable disease reports received from the District Health Board are investigated within 10 working days. The result of the investigation is reported back to the Medical Officer of Health no later than 14 working days from receiving the report.	N/A	100%	Not applicable	Not applicable
Premises are inspected to ensure they are producing safe food	Having healthy food services, helps achieve safe communities	All premises in which food is sold or processed meet the licencing requirements of the Food Act 2012	New measure	100%	Not achieved	64%
		All licenced premises receive at least one annual inspection. All inspections recorded in the Magiq database.	100%	1 annual inspection per licensed premise	Not achieved	58% 11 licensed premises inspected
The sale and supply of liquor is controlled to prevent bad behaviour	The Council will help to achieve safe and healthy communities through preventing bad behaviour as a result of liquor supply	A liquor licence is held in respect of all premises at which liquor is sold or supplied, and every premise licensed for the sale or supply of liquor is managed by an appropriately qualified person	100%	100%	Achieved	100%

***Communicable Diseases***

Due to the changes in workloads and responsibilities brought about by the commencement of the Food Act 2012 there has been a reallocation of duties between Territorial Authorities, District Health Board and Ministry for Primary Industries. As a result the task of investigating and reporting on communicable diseases now rests entirely with the District Health Board

***Food Premise Inspections***

The transition of food premises from the Food Hygiene Regulations to Food Act 2012 regulations was completed in 2018. All food premises in Ōtorohanga District are now operating under food control plans.

There are 38 current food registrations in District. Eight of these businesses are registered on National Programmes which means the premises are

audited by independent verifiers instead of Council officers. Inspections of the remaining premises was interrupted by the COVID-19 emergency. Seven food outlets were not inspected during the reporting period.

***Sale of Alcohol Licenses***

All premises involved in the selling of alcohol are required to have a licence, which has to be renewed every three years. These licences are recorded in the Councils database, and reminders are generated when a licence renewal is required. Any premise found to be operating without a licence is committing an offence under the Sale and Supply of Alcohol Act 2013 and would be liable for prosecution. There are currently 19 venues in the District that hold a licence to sell and/or supply alcohol. A full round of inspections of licenced premises was not completed. Eight premises were not inspected during the reporting period.



**Regulatory Services Cost of Service Statement**

2019 Actual \$		2020 LTP Estimate \$	2020 Actual \$
(000's)		(000's)	(000's)
	<b>OPERATING REVENUE</b>		
811	Activity Revenue	807	742
-	Targeted Rates	-	-
-	Development Contributions	-	-
692	General Rates	852	1,080
285	Other General Sources	262	144
<b>1,788</b>	<b>TOTAL OPERATING INCOME</b>	<b>1,921</b>	<b>1,966</b>
	<b>OPERATING EXPENDITURE</b>		
634	Building Control	735	815
315	Planning & Development	292	256
117	Civil Defence	122	165
179	Dog Control	178	179
23	Stock Ranging & Impounding	22	13
139	Environmental Health	133	114
357	Environmental Services Manager	422	394
<b>1,764</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>1,904</b>	<b>1,936</b>
<b>24</b>	<b>NET COST OF SERVICE</b>	<b>17</b>	<b>30</b>



**Regulatory Services Funding Impact Statement**

	2018/19	2019/20	2019/20
	Long Term Plan	Long Term Plan	Actual
	\$	\$	\$
	(000's)	(000's)	(000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	800	852	1,080
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	778	793	709
Internal charges and overheads recovered	258	263	342
Local authorities fuel tax, fines, infringement fees and other receipts	14	14	34
<b>Total operating funding</b>	<b>1,850</b>	<b>1,922</b>	<b>2,165</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,132	1,177	1,346
Finance costs	1	1	-
Internal charges and overheads applied	690	714	777
Other operating funding applications	11	11	11
<b>Total application of operating funding</b>	<b>1,834</b>	<b>1,903</b>	<b>2,134</b>
<b>Surplus (deficit) of operating funding</b>	<b>16</b>	<b>19</b>	<b>31</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	11	2	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>11</b>	<b>2</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	12	2	9
- To replace existing assets	-	-	-
Increase (decrease) in reserves	15	15	22
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>27</b>	<b>17</b>	<b>31</b>
<b>Surplus (deficit) of capital funding</b>	<b>(16)</b>	<b>(19)</b>	<b>(31)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## COMMUNITY DEVELOPMENT

### Depreciation Expense

There was no depreciation for Community Development group of activities.

### Internal Borrowing

The Community Development group of activities has no internal borrowings as at 30 June 2020 and, subsequently, no interest paid.

### Capital Expenditure

	2020 AP Estimate \$ (000's)	2020 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	-	-
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	4,000	-

There was no capital expenditure in the current year as property development project has been carried over to 2020/21.

### **Property Development**

Council has undertaken this activity to stimulate community growth through provision of sites suitable for residential, commercial or industrial purposes where it has been felt that an adequate resource of such sites has not existed in the market. This undertaking is dependent on favourable market conditions for these types of developments.

### Key Property Development Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
That identified opportunities to address significant perceived shortages in the availability of particular types of property in the District are pursued.	Contributes towards a vibrant community with available property	Undertaking of development	Amendment made to LTP to reflect development opportunities	Creation of additional 43 lot residential subdivision	Not achieved	0 lots created

### District Promotion

This group of activities is undertaken to:

- a) Assist coordinated multi-agency contributions to the economic vitality of the District that will support local businesses and the general well-being and sustainability of communities.
- b) Actively market the District as a good place to visit, and in which to live, work and do business.

Such promotion should be undertaken in a manner that builds upon the historical, cultural and environmental character of the District.

The District Promotion group of activities is complementary to Council's Property Development activity, in that whilst this helps provide places for new residents and businesses to come to, District Promotion helps provide the incentives for such parties to move to and remain in those places.

### Key District Promotion Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
District is effectively promoted as a place to visit or live in	Promoting Tourism and higher tourist spending will contribute to a stronger district economy	Ōtorohanga District Development Board provides quarterly reports to Council	1 report	6 monthly reports received	Achieved	6 monthly reports received
Tourism activity in District is supported		Tourism Waikato provides 6 monthly reports to Council	One 6 monthly report received	6 monthly reports received	Achieved	6 monthly reports received



**Community Development Cost of Service Statement**

2019 Actual \$		2020 LTP Estimate \$	2020 Actual \$
(000's)		(000's)	(000's)
	<b>OPERATING REVENUE</b>		
-	Activity Revenue	-	-
-	Targeted Rates	-	-
-	Development Contributions	-	-
324	General Rates	353	355
-	Other General Sources	2	-
<b>324</b>	<b>TOTAL OPERATING REVENUE</b>	<b>351</b>	<b>355</b>
	<b>OPERATING EXPENDITURE</b>		
-	Property Development	226	-
324	District Promotion	353	355
<b>324</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>579</b>	<b>355</b>
-	<b>NET COST OF SERVICE</b>	<b>(228)</b>	<b>-</b>

**Community Development Funding Impact Statement**

	2018/19 Long Term Plan \$	2019/20 Long Term Plan \$	2019/20 Actual \$
	(000's)	(000's)	(000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	358	353	355
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
<b>Total operating funding</b>	<b>358</b>	<b>353</b>	<b>355</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	79	86	10
Finance costs	140	123	-
Internal charges and overheads applied	54	25	61
Other operating funding applications	353	347	284
<b>Total application of operating funding</b>	<b>626</b>	<b>581</b>	<b>355</b>
<b>Surplus (deficit) of operating funding</b>	<b>(268)</b>	<b>(228)</b>	<b>-</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,910	(1,634)	-
Gross proceeds from sale of assets	1,296	1,944	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>4,206</b>	<b>310</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	4,000	-	-
- To replace existing assets	-	-	-
Increase (decrease) in reserves	(62)	82	-
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>3,938</b>	<b>82</b>	<b>-</b>
<b>Surplus (deficit) of capital funding</b>	<b>268</b>	<b>228</b>	<b>-</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## GOVERNANCE AND LEADERSHIP

### Depreciation Expense

Total depreciation for Governance and Leadership group of activities was \$293,303.

### Internal Borrowing

The Governance and Leadership group of activities has no internal borrowings as at 30 June 2020 and, subsequently, no interest paid.

### **Democracy**

One of the main purposes of territorial authorities is to enable democratic decision making and action.

At a basic level, this involves people being involved in the decisions that affect them. However, effective democracy is about more than Council's decision making; democracy in New Zealand is synonymous with human rights, fairness, justice and equity. This means that everyone should have the same opportunities to achieve their potential, everyone should be able to participate and be part of our communities, and should have access to recreational, educational and employment opportunities.

Council now has a broader mandate from central government to consider how they meet the needs of the community. A consequence of this is Council's increased responsibility to ensure that the community is well informed and involved in Council decision making.

Democratic activities represent Council's commitment to ensuring equity and positive growth throughout our district. In many cases Council is not alone in seeking to maximise community participation and equity. This

### Capital Expenditure

	2020 LTP Estimate \$ (000's)	2020 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	524	324
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	10	-

requires Council to identify and collaborate with other district, regional and national agencies with similar or complementary goals.

### **Governance**

#### ***What is Governance?***

Governance encompasses providing community leadership, balancing community views, resources and needs to make decisions that are best for the community. Governance focuses on establishing a vision and objectives for the community, and making high-level decisions on policies and actions that will support these objectives.

In the Ōtorohanga District Council governance functions are undertaken by the elected Mayor, Councillors and Community Board members.

Governance is not about the detailed practical 'hands on' implementation of policies or actions; that is the responsibility of Council's management and staff, who are delegated powers by Council to undertake those duties in accordance with the objectives and policies set by the elected members.



### **Governance Structures of Ōtorohanga District Council**

Governance of the Ōtorohanga District is currently undertaken by the persons elected to the following positions:

- A Mayor, elected at large by the residents and ratepayers of the District
- Seven Councillors (two representing the Ōtorohanga Community Ward and one each for the five rural Wards) elected by the residents and ratepayers of the particular wards.
- Four members of the Ōtorohanga Community Board, elected by the residents and ratepayers of that community
- Four members of the Kāwhia Community Board, of which three are elected by the residents and ratepayers of the Kāwhia Community, and the other elected by residents and ratepayers of the Aotea subdivision of that community.

### **Governance Roles of Elected Members**

The Mayor and Councillors of Ōtorohanga District Council collectively have the following roles:

- Setting the policy direction of Council.
- Monitoring the performance of Council.
- Representing the interests of the people of the District
- Representing the District and Council at a wide variety of forums
- Employing the Chief Executive of Council, who in turn employs all other staff on its behalf.
- Making decisions in relation to:
  - Notified Resource Consent applications, with submissions;
  - Matters which involve a financial implication for Council

- Matters which involve non-urgent enforcement;
- Notified Resource Consent applications recommended to be declined.
- A wide variety of other issues relating to the social, environmental, economic and cultural wellbeing of the District.

In addition to performing these duties, the Mayor is responsible for:

- Ensuring the orderly conduct of business during meetings, as determined in Council's Standing Orders.
- Advocating on behalf of the community.
- Acting as the ceremonial head of Council.
- Providing leadership and feedback to other elected members

### **Community Boards**

Community Boards represent the interests of particular local communities which are, in the opinion of Council, sufficiently distinct to warrant additional representation.

Within the Ōtorohanga District the Communities of Ōtorohanga and Kāwhia have been judged to meet this criterion.

It is the expectation of Council that Community Board members will establish strong relationships with the communities they serve, so that the needs and expectations of the community are well understood.

Community Boards may make recommendations to Council on any matter, and may seek approval for any initiative for which delegated authority has not already been given.

The relationship that Community Boards have with their communities is typically more intimate than that between Councillors and their Wards, but it is expected that all elected members will be aware of the prevailing views amongst their constituents.

### Decision Making Processes

Decision making by elected members and Council staff is in accordance with the previous descriptions of governance roles.

Public consultation on specific issues, outside of the routine Council planning processes (such as the LTP) is undertaken in circumstances where it is believed that there is a relatively high level of community interest in the issue and potential for significantly differing views amongst community members.

Such consultation is generally conducted in accordance with the Special Consultative Procedure of the Local Government Act 2002.

The financial implications associated with the particular issue is generally not a major factor in determining whether such public consultation is undertaken, since previous experience has shown that there may be substantial public interest in matters that are of little economic value. Very substantial proposed expenditure on any project (greater than 10% of total annual operating expenditure) will, however, trigger Council's Policy on Significance and an associated requirement for public consultation.

### Key Democracy Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
			96.0% conducted in open meetings	>90%	Achieved	100%
Communicate and consult with the community on key issues	An active supportive community is achieved through the Council providing opportunities for residents and ratepayers to contribute to decision-making processes by providing their community views	Minimum % of Council business conducted in open meeting	96.0% conducted in open meetings	>90%	Achieved	100%
		Number of complaints upheld against the election process	No complaints upheld against the election process	0	Achieved	0 complaints
		Agenda's for meeting (other than extraordinary meetings) of council and its committees are publically available (either via the internet or in Council service centres)	All agendas available at least two days prior to meetings	All agendas are publically available two clear working days before each meeting	Achieved	All agendas available within timeframes

### Council Business in Open Meeting

Overall 100% of council business was conducted in open meetings. This includes all items except for adoption of previous minutes, the public forum and councillor updates. The Council had a total of 133 items, of which none

were conducted in closed meetings. Ōtorohanga Community Board had 50 items, with none conducted in closed meetings, and Kāwhia Community Board had 41 items and no items conducted in a closed meeting.

### Council Support

Council is required by legislation to disperse grants. It facilitates the distribution of funds from Sport New Zealand and Creative New Zealand. Local Residents and staff are represented on the distribution committees along with Councillors.

The provision of grants is an integral component of Council's strategy to empower local communities and assist them in achieving their vision and strategic outcomes, by encouraging and rewarding community spirit.

### Key Council Support Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
			98.4% allocated from both schemes	> 85% allocated	Partially achieved	Creative Communities 69.5% Sport NZ 100%
Management and provision of Creative Communities and Sport NZ funding schemes	The Council supports the development of communities by providing funding to agencies where it sees that such funding will positively support and make our communities more healthy, active and creative	Distribution of funds to Creative Communities and Sport NZ funding schemes on application from qualifying organisations	Within budget allocation	Within annual budget allocation	Achieved	Within annual budget allocation
Management and provision of Ōtorohanga District Council community funding	The Council supports the development of communities by providing funding to agencies where it sees that such funding will positively support and make our communities more healthy, active and creative and also support the vulnerable and those at risk	Provision of Ōtorohanga District Council General Grants and ongoing Grants within budget allocation				

All but 30.5% of the Creative Communities funding was allocated. All of the Sport NZ money was allocated. The Creative Communities reduced funding was combination of an increased amounts of funds to allocate in the 2019/20 year, as well as a lack of applications, which was partly attributed to COVID-19 and the lockdown.

## Corporate Planning

The Local Government Act 2002 requires every local authority to carry out a process to identify community outcomes – statements of community aspirations for the immediate to long-term future.

The process provides opportunities for people to discuss their desired community outcomes in terms of present and future social, economic, environmental and cultural well-being. The intention is that these outcomes become the basis for increased transparency and accountability by

councils and other stakeholders, as a base for improving community well-being and sustainable development.

In addition to developing the community outcomes, Council must identify what it will contribute towards these, along with other agencies within its Long Term Plan and Annual Plans. Council must monitor its performance and achievement towards these outcomes as well as monitoring the achievement of the community outcomes.

### Key Corporate Planning Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
Meet Local Government Act 2002 statutory planning and reporting requirements	By achieving statutory planning and reporting requirements a high standard of accountability is demonstrated to the community	The Long Term Plan is completed within the statutory timeframe	Not applicable	Not applicable	Not applicable	Not applicable
		The Annual Plan will be adopted before 30 June annually	2017/18 Annual Plan adopted 20 <sup>th</sup> June 2017	Achieved	Achieved	2019/20 Annual Plan adopted 25 June 2020
		The Annual Report will include an unqualified audit opinion	2016/17 Annual Report audit opinion did not identify any issues	Achieved	Achieved	No issues identified
Existing levels of service as identified in Councils triennial survey meets the needs of the community	Having plans in place to ensure growth and change is managed will help ensure our community's vision will happen	A triennial Levels of Service Survey to all affected ratepayers	Not applicable	Not measured as only measured every 3 years	Not applicable	Not applicable



**Policy Development**

The purpose of this activity is to formulate strategic direction in all policies, by-law and planning matters. Predominant drivers for policy development

stem from legislative requirements. Council is involved in this activity because of public demand and statutory responsibility.

Key Policy Development Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
			100%	100%	Achieved	Consultative requirements met
Policy development is visible and accountable	Ensures Council's decision making processes involves and engages the community	100% of all significant decisions are made subject to respective consultative procedures that meet the requirements of the Local Government Act 2002 and/or RMA 1991	Local Alcohol Policy adopted 22 September 2016 Local Easter Shop Trading Policy adopted 13 December 2016	100% are available by the date of public notification of the policy/planning document	Achieved Review of Dog Control Policy and Bylaw completed	Amended Dog Control Policy and Bylaw adopted 26 May 2020
		Meetings and statutory hearing are conducted in accordance with all relevant legislation	100% compliance	100% compliance	Achieved	Achieved
Provide location legislation	Put in place management controls that address issues and are consistent with Council policies, Central Government legislation, and which reflect the Community Outcomes	Assess need to review, and where necessary review bylaws	Gambling Venue Policies reviewed	Assessment undertaken of bylaws and policy that are due review	Achieved Review of Water services Bylaw commenced	Review ongoing

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2019/20 Target	Achieved/ Not achieved	2019/20 Actual
			Council meets statutory planning requirements	Ensures processes and policies are developed in a consistent manner and reflective of community input	All relevant statutory plans and reports are produced and made available to the public in accordance with statutory requirements and timeframes under relevant legislation	No plan changes proposed during the year

### ***District Plan***

The Ōtorohanga District Plan was declared operative on 30 October 2014. The Ministry of Environment has introduced the First Set of National Planning Standards. The regulations came into force 3 May 2019. Territorial authorities are now required to amend District Plans to match a standard template in order to provide a nationwide format for planning documents. Councils has 5 years from commencement to enact these changes.

### ***Bylaws***

The review of the Dog Control Policy and Bylaw concluded in May 2020. A draft of the revised Water Services Bylaw is being prepared to present to Council as the first step of a review process. A final draft will be submitted for Council for approval prior to public consultation. The Trade Waste Bylaw and the Stock Movement Bylaw are also due for review. No new bylaws have been proposed or adopted.



**Governance and Leadership Cost of Service Statement**

2019 Actual \$ (000's)		2020 LTP Estimate \$ (000's)	2020 Actual \$ (000's)
	<b>OPERATING REVENUE</b>		
194	Activity Revenue	251	142
20	Targeted Rates	20	22
-	Development Contributions	-	-
2,098	General Rates	2,039	2,186
4,260	Other General Sources	4,820	4,695
<b>6,572</b>	<b>TOTAL OPERATING INCOME</b>	<b>7,130</b>	<b>7,045</b>
	<b>OPERATING EXPENDITURE</b>		
769	Ōtorohanga District Council	773	948
135	Ōtorohanga Community Board	146	130
57	Kāwhia Community Board	71	61
74	Council Support	90	82
468	Corporate Planning	507	744
20	Resource Management Policy Development	30	12
4,385	Support Services	4,876	4,680
<b>5,908</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>6,493</b>	<b>6,657</b>
<b>664</b>	<b>NET COST OF SERVICE</b>	<b>637</b>	<b>388</b>



**Governance and Leadership Funding Impact Statement**

	2018/19 Long Term Plan \$	2019/20 Long Term Plan \$	2019/20 Actual \$
	(000's)	(000's)	(000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,953	2,039	2,186
Targeted rates (other than a targeted rate for water supply)	20	20	22
Subsidies and grants for operating purposes	22	22	31
Fees and charges	31	32	37
Internal charges and overheads recovered	4,060	4,177	4,214
Local authorities fuel tax, fines, infringement fees and other receipts	195	197	75
<b>Total operating funding</b>	<b>6,281</b>	<b>6,487</b>	<b>6,565</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,108	3,653	4,050
Finance costs	97	52	84
Internal charges and overheads applied	1,567	1,651	1,692
Other operating funding applications	203	203	226
<b>Total application of operating funding</b>	<b>6,975</b>	<b>5,455</b>	<b>6,052</b>
<b>Surplus (deficit) of operating funding</b>	<b>(694)</b>	<b>1,032</b>	<b>513</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,469	(32)	-
Gross proceeds from sale of assets	59	59	43
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>1,528</b>	<b>27</b>	<b>43</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	15	10	-
- To replace existing assets	514	387	324
Increase (decrease) in reserves	305	662	232
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>834</b>	<b>1,059</b>	<b>556</b>
<b>Surplus (deficit) of capital funding</b>	<b>694</b>	<b>(1,032)</b>	<b>(513)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>





# **SUPPORTING INFORMATION**



## STATEMENT OF FINANCIAL INVOLVEMENT IN COUNCIL CONTROLLED ORGANISATIONS (CCO's)

### *Waikato Regional Airport Limited (WRAL)*

This Company, established in 1989, operates the Airport situated at Rukuhia within Waipa District. The local authority part owners negotiated the purchase of the Crown's former shareholding to secure the retention of the airport as a major infrastructural facility important to the economy of the Waikato.

The objective of the airport company is to operate a successful commercial business, providing safe, appropriate and efficient services for the transportation of people and freight in and out of the airport of Hamilton.

Council holds 3.125% of the airport company's shares. The remaining shares are owned by Hamilton City Council, Matamata-Piako, Waipa and Waikato District Councils.

Waikato Regional Airport Ltd Group reported total comprehensive revenue and expenses of \$10,209,000 for the year ended 30 June 2020 (2019: \$12,599,000 surplus).

A dividend totalling \$300,000 was paid in 2020 (2019: \$250,000).

Council intends to maintain its current shareholding for the foreseeable future. There are no formal policies or objectives relating to ownership and control of Waikato Regional Airport.

A comparison of the company's financial and performance measures for the year ended 30 June 2020 is summarised below:

### Waikato Regional Airport Limited (WRAL) *Targets and Achievements*

	Actual to 30 June 2020	Statement of Corporate Intent
Earnings before tax, interest, depreciation & amortisation (EBITDA) excluding land sales <i>of at least</i>	\$2.8M	\$4.0M
Earnings before tax, interest, depreciation & amortisation (EBITDA) including land sales <i>of at least</i>	\$5.1M	\$6.0M
Net surplus after tax <i>of no less than</i>	-\$1.0M	\$1.2M
Net operating cash flow (excluding land sales)	\$1.9M	\$2.5M
Total debt, excluding funding for design-build properties, <i>not exceeding</i>	\$17.0M	\$25.0M
Shareholders funds to total assets <i>of at least</i>	80%	65%
Net profit after tax, interest and revaluations to total shareholders funds <i>of at least</i>	5.8%	1.0%
Net profit after tax, interest and revaluations to total assets <i>of at least</i>	4.6%	1.3%
Percentage of Non-Landing Charges Revenue <i>of at least</i>	73%	60%
Land sales <i>of at least</i>	\$5.9M	\$7.0M
Interest coverage ratio <i>of at least</i>	4.7	4.0



**Waikato Local Authorities Shared Services (WLASS)**

	Ownership Interest	
	Actual 2019	Actual 2020
Waikato Local Authority Shared Services	0.26%	0.26%

The contingent liability arising from ODC’s interest is disclosed in note 19. There are no capital commitments arising from ODC’s interest in the WLASS.

The Waikato Local Authority Shared Service Ltd (WLASS) CCO was incorporated in December 2005.

LASS objective

The objective of the company is to provide Waikato region local authorities with a vehicle to develop shared services that demonstrate a benefit to the ratepayers and provide those services to local authorities.

Introduction

Waikato Local Authority Shared Service Ltd (WLASS) was developed as a joint initiative between the 13 councils of the Waikato region. Its evolution can be traced from a range of projects that were implemented between local councils. These projects highlighted the benefits of a jointly owned governance structure to provide an opportunity for collaborative management and development. Central government devolution, closer working relationships between councils and a desire to benefit from cost saving opportunities offered by jointly progressing shared initiatives have fostered more efficient services.

WLASS provides an effective structure that can promote such developments to the benefit of those councils that choose to be actively involved in a particular joint service. Each council owns an equal number of shares in WLASS and as such has an equal say in its development.

The WLASS governance structure enables the directors appointed by the shareholders to decide on the future direction of those services that will be promoted under its auspices. Any such services will be operated as a stand-alone business unit with an advisory group appointed by the shareholders participating in that service to provide direction but answerable to the directors.

Performance Measures as per 2019/20 Annual Report

Further details available in the Waikato LASS Annual Report

Target	Measure	Actual Outcome
<b>Procurement</b> Joint procurement initiatives for goods and services for LASS councils will be investigated and implemented	New suppliers are awarded contracts through a competitive tender process.	<b>Achieved.</b>
	Professional Services Panel contracts are successfully negotiated.	<b>Achieved.</b>
<b>Collaborative Projects</b>	A minimum of six priority projects for collaboration are identified per annum.	<b>Achieved.</b>



Target	Measure	Actual Outcome
Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented	If considered of value, business cases are developed for approval by the Board, and the projects are implemented.	<b>Achieved.</b>
	Savings to Councils identified in developed business cases exceeds \$300k.	<b>Achieved.</b>
<b>Existing WLASS Contracts</b> Existing contracts are managed and renegotiated as required	The WLASS Contracts Register is maintained and managed.	<b>Achieved.</b>
	Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.	<b>Achieved.</b>
<b>Cost Control</b> Administration expenditure shall be managed and monitored.	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	<b>Achieved.</b>
<b>Reporting</b> Six monthly reports provided to Shareholders	The Board shall provide a written report on the business operations and financial position of the WLASS to the shareholders every six months. Every second report shall be the Annual Report.	<b>Achieved.</b>
<b>Shared Valuation Data Services (SVDS)</b> The SVDS is reliable, well maintained and available to all users.	The SVDS is available to users at least 99% of normal working hours	<b>Achieved.</b>
	The SVDS Advisory Group meets at least 6 monthly	<b>Achieved.</b>
	The Annual Business Plan is accepted by the Advisory Group by 31 March 2020.	<b>Achieved.</b>
<b>Insurance</b> Achieve the relevant KPI's in Appendix 4 of the Insurance Brokerage contract with Aon.	Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by participating councils.	<b>Not measured.</b>
	The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	<b>Not measured.</b>
<b>RATA</b> Deliver better data for decision making across the Waikato Region, enabling more consistent best practice.	Reports are presented to stakeholders in October/January/April and July each year.	<b>Achieved.</b>
	Reports on progress presented to WLASS Board as at 30 December and 30 June.	<b>Achieved.</b>



Target	Measure	Actual Outcome
<p>Data supplied by contractors is of good quality and meets all of the participating councils requirements.</p> <p>Leadership: Lead engagement and increase capability within the sector.</p>	All data are reviewed for compliance and all good practice requirements are met.	<b>Achieved.</b>
	Procurement of services complies with WLASS and NZTA's procurement requirements.	<b>Achieved.</b>
	Present to a national conference on RATA innovations at least once per year.	<b>Not achieved.</b>
	At least two RATA guidance documents detailing good practice are produced each year.	<b>Achieved.</b>
	RATA Forums are held 2-monthly to share learnings and experience.	<b>Not achieved.</b>
<p><b>Waikato Regional Transport Model (WRTM)</b> The WRTM is reliable, well maintained and available to all users.</p>	All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.	<b>On track.</b>
	A report from RATA on any new developments and on the status of the model is provided to the WLASS Board at least every six months.	<b>Achieved.</b>
	The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.	<b>Achieved.</b>
<p><b>Waikato Building Consent Group</b> Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.</p>	<p>Milestones for the five strategic review work streams are achieved for:</p> <ul style="list-style-type: none"> <li>Digital experience and technology: a common online customer experience. Success is defined as user friendly, convenient, quick, end-to-end management and communication, measured by customer surveys and systems comparisons.</li> </ul>	<b>On track.</b>
	<ul style="list-style-type: none"> <li>People capability. Success is defined as a successful recruitment and training programme, measured by compliance with BCA Reg. 8-11.</li> </ul>	<b>On track.</b>
	<ul style="list-style-type: none"> <li>Quality assurance. Success is defined as continued accreditation and increased service consistency, measured by accreditation outcomes,</li> </ul>	<b>On track.</b>



Target	Measure	Actual Outcome
	<p>BCA annual audits, and customer surveys.</p>	
	<ul style="list-style-type: none"> <li>Lift industry competency and compliance. Success is measured by increased industry compliance, with reduced RFIs, and reducing percentages of application or building consent rejection.</li> </ul>	<p><b>Partially achieved.</b></p>
	<ul style="list-style-type: none"> <li>Central government engagement and legislative influence. Success is measured by legislative submissions and outcomes.</li> </ul>	<p><b>On track.</b></p>
	<p>There is a common understanding and buy-in by all BCAs for the WBCG vision and actions that are taken to achieve this vision, measured by:</p> <ul style="list-style-type: none"> <li>i. Full participation in WBCG projects and programmes</li> <li>ii. Audits demonstrating implementation and compliance with the agreed QA systems</li> <li>iii. Consistency in service delivery, measured by customer surveys.</li> </ul>	<p><b>Achieved.</b></p> <p><b>Achieved.</b></p> <p><b>Not measured.</b></p>
	<p>Risk management is visible through regular reviews of the Risk Register.</p>	<p><b>On track.</b></p>
	<p>All funding requirements are met by each of the participating councils.</p>	<p><b>On track.</b></p>
	<p>Minimum of two reports presented to the WLASS Board on the Group's activities.</p>	<p><b>Achieved.</b></p>
<p><b>Future Proof</b> Planning for growth in the sub-region is co-ordinated and collaborative.</p>	<p>Phase 2 of the Future Proof Strategy is adopted by the Future Proof Implementation Committee no later than December 2018.</p>	<p><b>Not achieved.</b></p>
<p>The Future Proof budget is well managed and monitored.</p>	<p>The overall Future Proof work programme is delivered within the approved budget.</p>	<p><b>Achieved.</b></p>



Target	Measure	Actual Outcome
Future Proof influences and inputs into District Plan, Regional Plan, growth strategy and any other planning processes which manage growth within the sub-region and neighbouring regions.	Future Proof makes submissions (using RMA and Local Government processes), on District Plans, LTPs, growth management planning documents, and any central government initiatives which have the potential to impact growth management planning in the sub-region.	<b>Achieved.</b>
<b>Shareholder Survey</b> Shareholders are satisfied with the performance of WLASS.	A survey of shareholders is undertaken each year, and the results are reported to all shareholders.	<b>Not achieved.</b>
<b>Review of Benefits</b> Shareholders are informed of the benefits being provided to shareholding councils by WLASS.	Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.	<b>Achieved.</b>
	The WLASS website is regularly maintained and updated.	<b>Not achieved.</b>

### ***New Zealand Local Government Funding Agency Ltd (LGFA)***

New Zealand Local Government Funding Agency Ltd was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current rating from Standard and Poor's of AA+.

Council became a shareholder in the LGFA along with 30 other local authorities. Council contributed \$100,000 for its shareholding in LGFA.

Four performance targets are specified for LGFA in the Statement of Intent. Progress against each of these targets for 30 June 2020 is discussed below.

Current Performance Targets	Target	Result	Achieved
Net interest income for the period to 30 June 2020	Greater than \$17.9 million	\$18.2 million	Achieved
Annual issuance and operating expenses (excluding AIL) for the period to 30 June 2020	Less than \$6.30 million	\$6.26 million	Achieved
Total lending to Participating Local Authorities at 30 June 2020	At least \$9,792 million	\$10,899 million	Achieved
Conduct an annual survey of council who borrow from LGFA	Achieve at least an 80% satisfaction score for the value added by LGFA	100%	Achieved



Current Performance Targets	Target	Result	Achieved
Meet all lending requests from Participating Local Authorities, where those requests meet LGFA operational and covenant requirements			Achieved
Achieve 75% market share of all council borrowing in New Zealand		86%	Achieved
Review each Participating Local Authority's financial position, its headroom under LGFA policies and arrange to meet each Participating Local Authority at least annually			Not achieved
No breaches of Treasury Policy, any regulatory or legislative requirements including the Health & Safety at Work Act 2015			Not achieved
Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due			Achieved
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency.			Achieved





## ANNUAL REPORT DISCLOSURE STATEMENT

### Annual report disclosure statement for year ending 30 June 2020.

#### What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with Local Government (Financial Reporting and Prudence) Regulations 2014 (the **regulations**). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

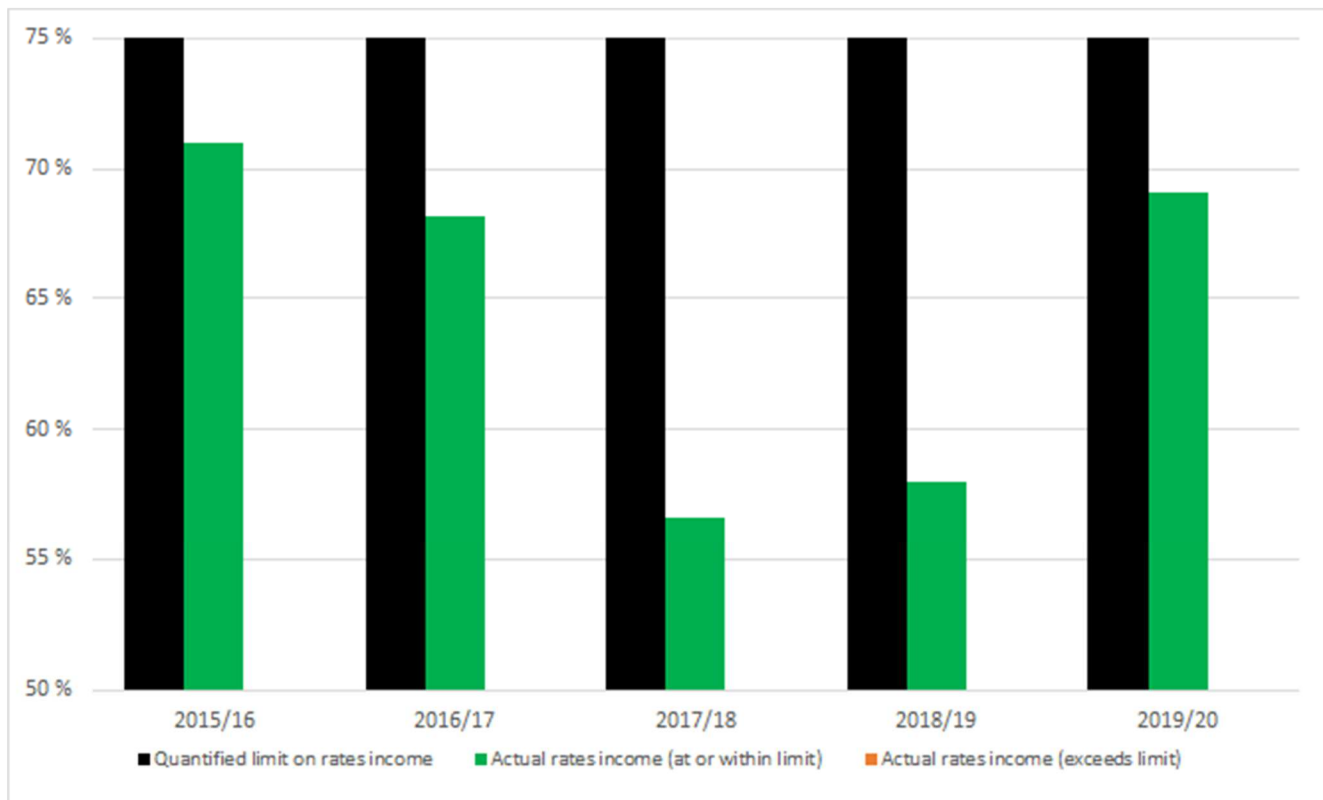
#### Rates affordability benchmark

The council meets the rates affordability benchmark if-

- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

#### Rates (income) affordability

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is 75% of total council revenue.



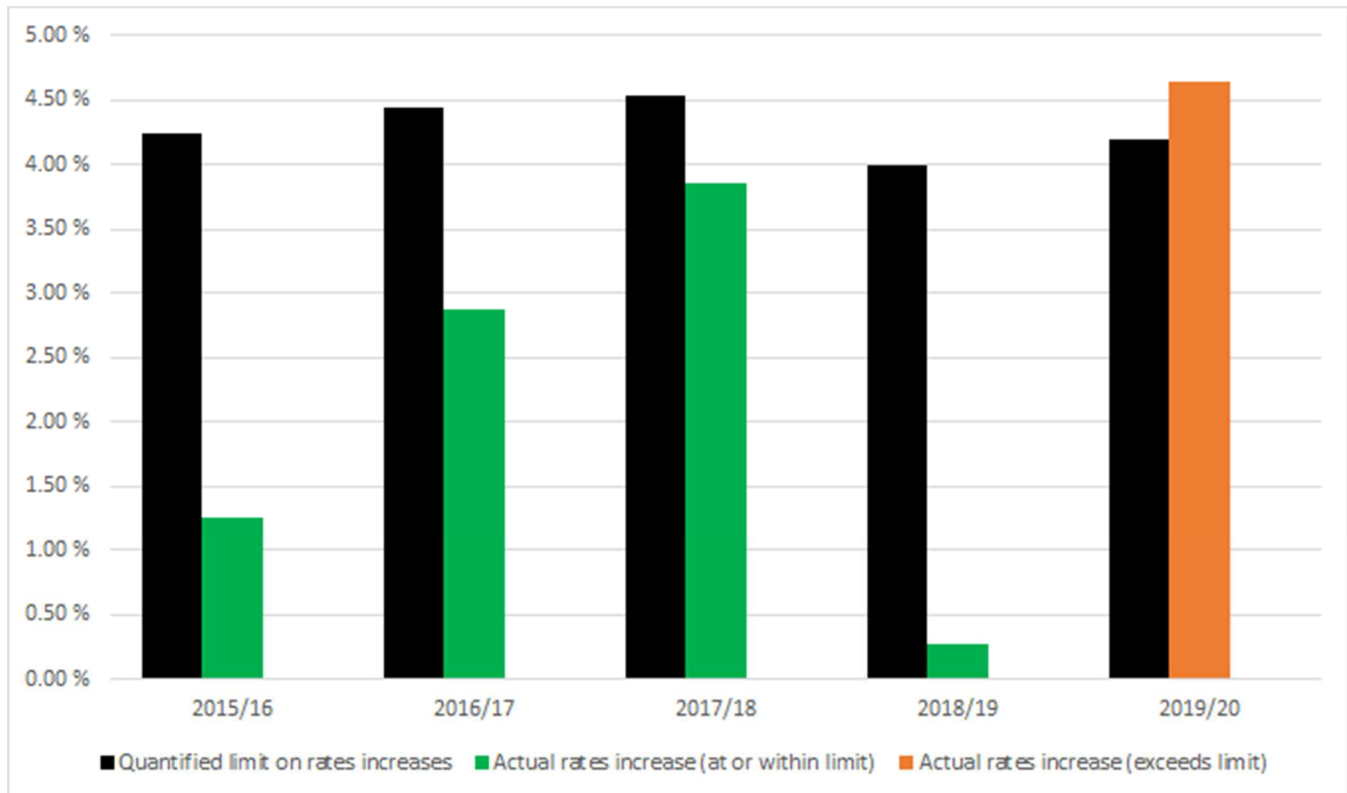


### Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the council's long-term plan. The quantified limit is Local Government Cost Index (LGCI) plus 2%. For the actual figures used refer to the council's long-term plan.

The breach in the 2019/20 financial year is due to increased rates penalties from the 2018/19, which is up about \$60k. There was also increased rates received due to changes in capital value of properties between when the rates were budgeted and when the actual rates were struck.

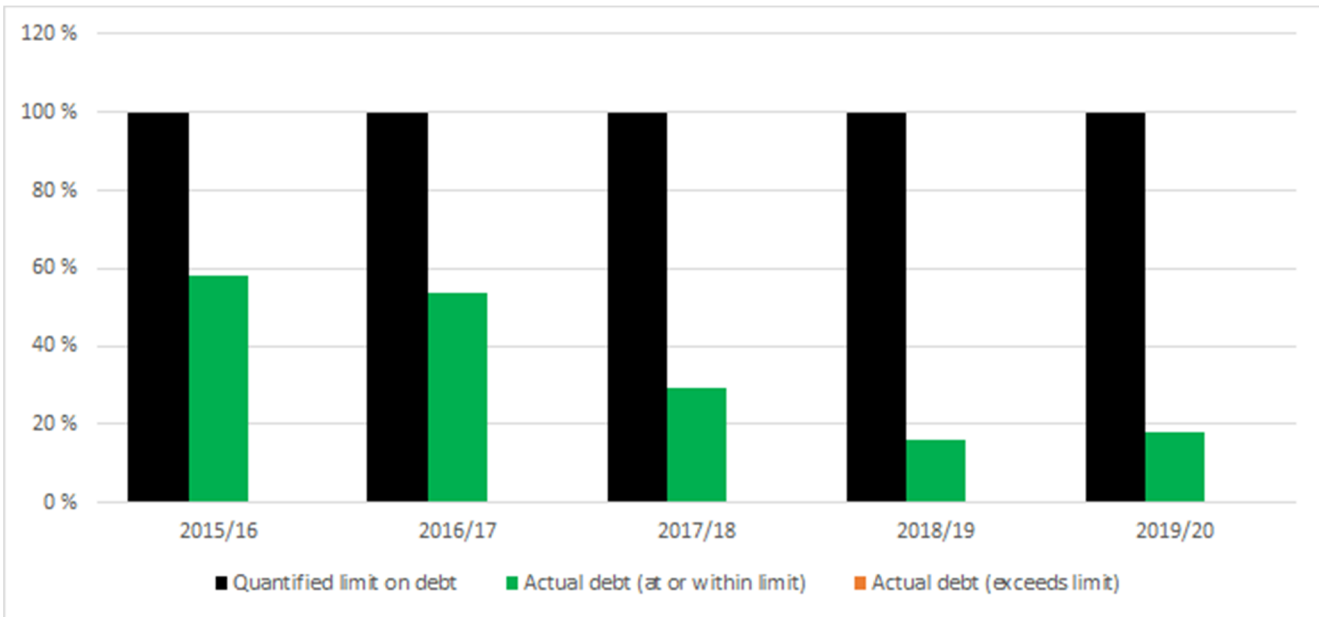
Also in 2019/20, Council moved from a fixed charge for Water rates in Ōtorohanga township to metered water. As such, the level of income from water rates can fluctuate more than it had previously, and this increased income has also pushed the actual rates increase above the quantified limit on rates increases.



### Debt affordability benchmark

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is borrowing cannot exceed 100% of total revenue.

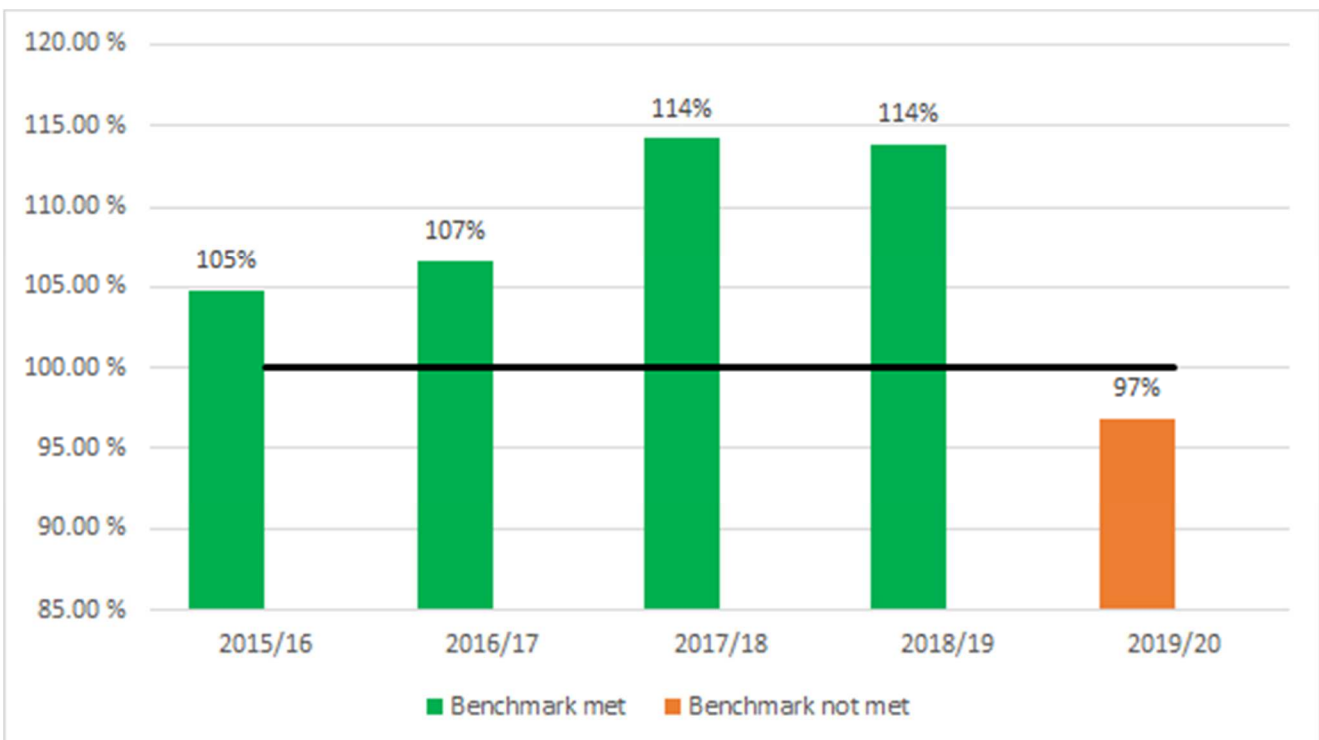


### Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant and equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment)

The council meets this benchmark if its revenue equals or is greater than its operating expenses.

The significant decrease from previous years relates to the decreased capital subsidy received from NZTA for roading works. This relates to the lockdown for Covid-19 happening during the normal time when a large amount of roading capital work is undertaken.

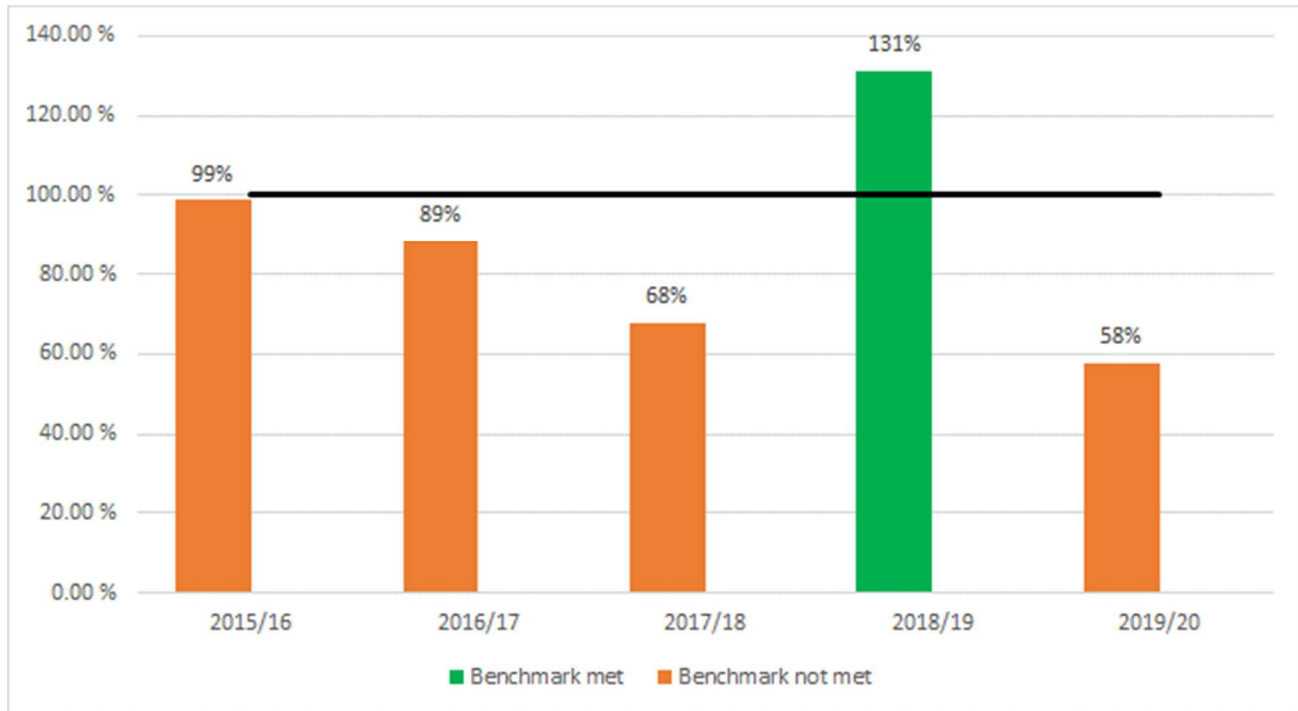




### Essential services benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

The decrease to 58% is due in part to Covid-19 resulting in a delay in some capital works being completed. There is also an element of running assets to the end of their life, which means some renewals are being delayed as the assets are still working as expected.

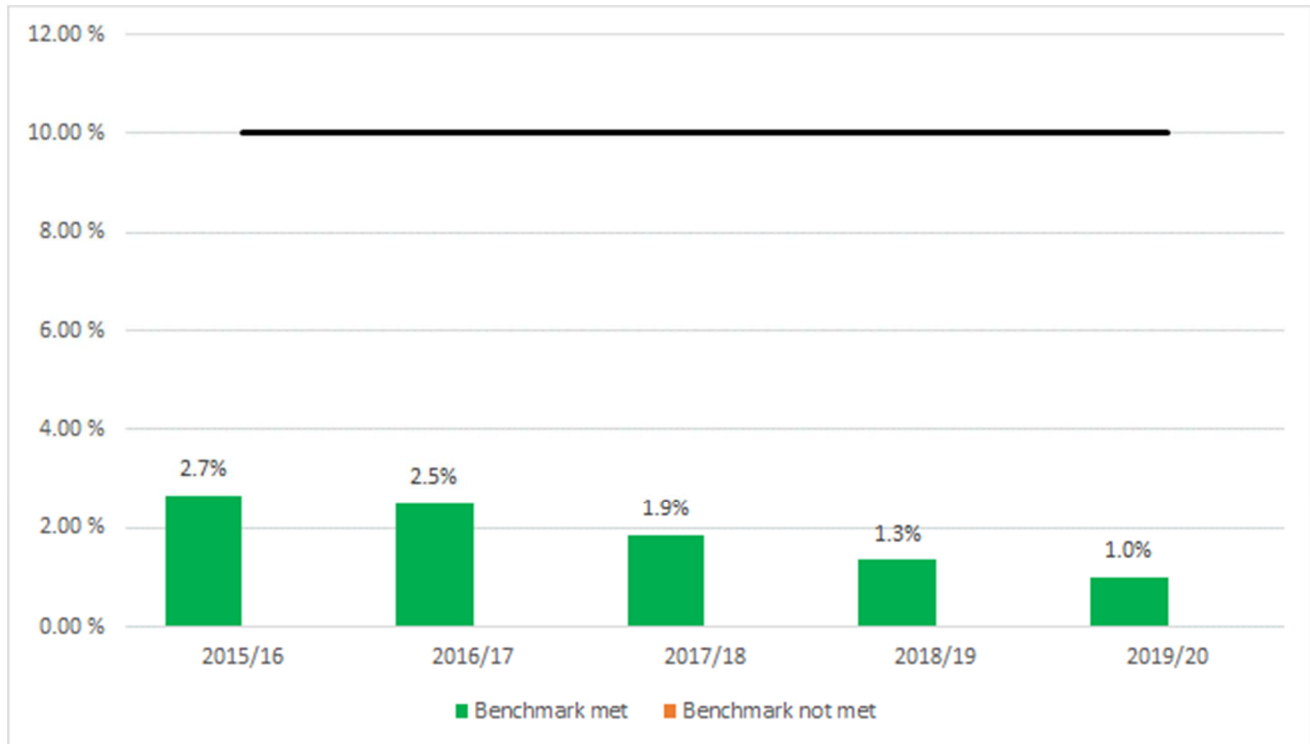




### Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

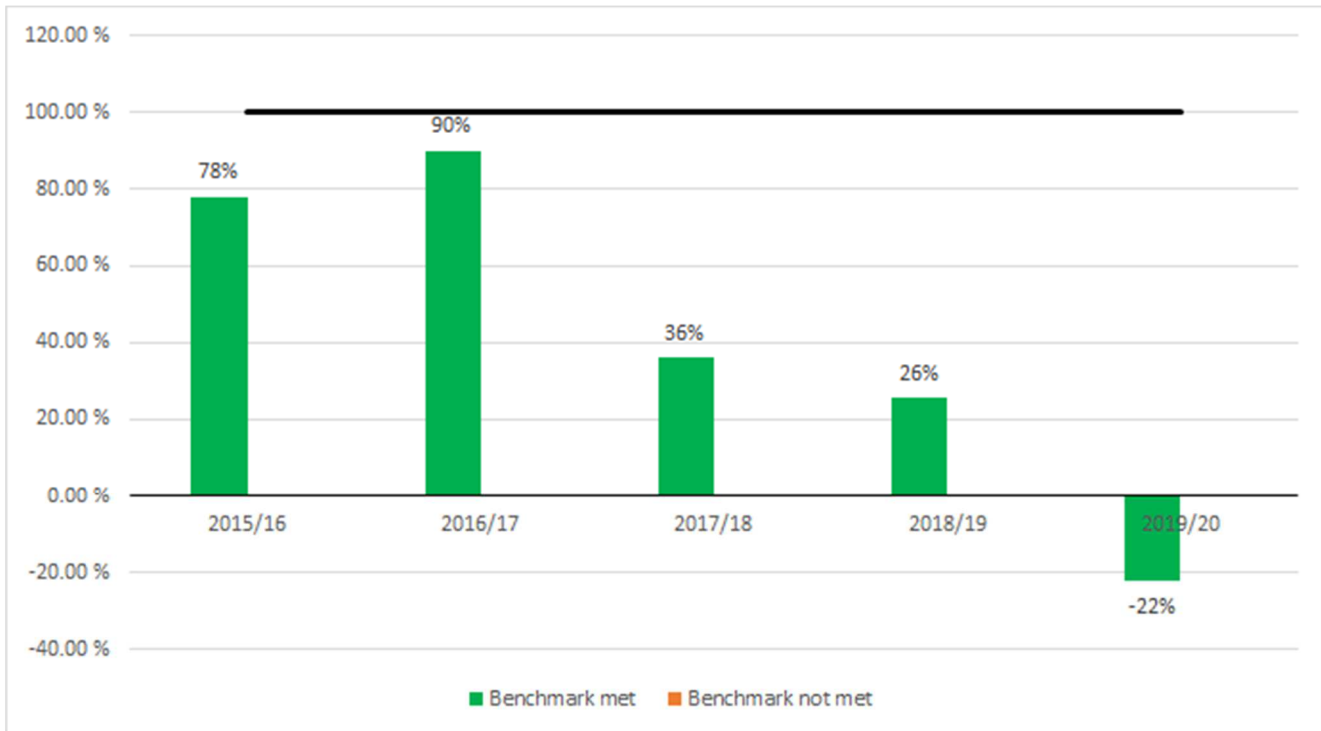
Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



### Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, **net debt** means financial liabilities less financial assets (excluding trade and other receivables).

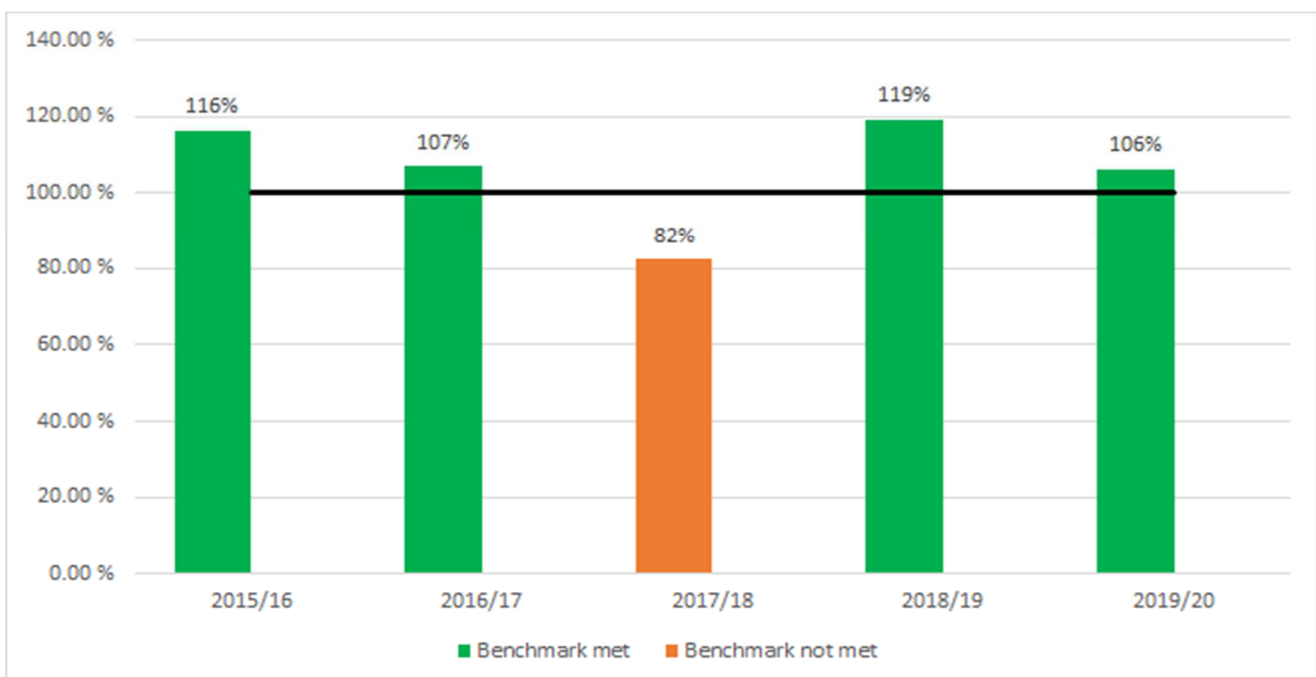
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



### Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.





## LOCAL GOVERNMENT ACT DISCLOSURES

*Rating base information*

Under the Local Government Act 2002, the Council is required to disclose the following information:

	2020
Number of rating units	5,293
Total Capital value of rating units	\$4,991,629,500
Total Land value of rating units	\$3,510,707,900

*Insurance*

	Carrying value 30 June 2020	Covered by Insurance Contracts	Covered by Financial Risk Sharing Arrangement	Covered by Self Insurance
	(000's)	(000's)	(000's)	(000's)
Total Assets covered	51,834	94,778	-	-

Please note for motor vehicles the cover is up to \$200,000 for any one vehicle, and \$10,000,000 for Third Party Liability in any one accident. The covered by insurance contracts figure above includes \$200,000, not the \$10,000,000.



## AUDIT REPORT



### INDEPENDENT AUDITOR'S REPORT

#### TO THE READERS OF OTOROHANGA DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

The Auditor-General is the auditor of Otorohanga District Council (the District Council). The Auditor-General has appointed me, Melissa Youngson, using the staff and resources of Deloitte Limited, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 15 December 2020. This is the date on which we give our report.

#### Opinion on the audited information

In our opinion:

- the financial statements on pages 11 to 51:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2020;
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Reporting Standards Reduced Disclosure Regime;
- the funding impact statement on page 60, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the Statement of Service Performance (referred to as 'Significant Activities') on pages 59 to 112:
  - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2020, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 61, 65, 69, 73, 76, 79, 91, 101, and 104, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and





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- the funding impact statement for each group of activities on pages 64, 68, 72, 75, 78, 90, 100, 103, and 112, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

## Emphasis of Matter - Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council as set out in note 1 on page 17 to the financial statements.

## Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 121 to 126, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

## Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

## Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information, we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

## Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.



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For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Statement of Service Performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 5 to 9 and 53 to 57, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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## Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit and our report on the disclosure requirements, we have no relationship with or interests in the District Council.

**Melissa Youngson**  
Partner  
for Deloitte Limited on behalf of the Auditor-General  
Hamilton, New Zealand